NATIONAL COMMISSION ON WOMEN'S BUSINESS OWNERSHIP, H.R. 3832

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

SECOND SESSION

WASHINGTON, D.C., APRIL 12, 1984

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NATIONAL COMMISSION ON WOMEN'S BUSINESS OWNERSHIP, H.R. 3832

THURSDAY, APRIL 12, 1984

House of Representatives,
Committee on Small Business,
Washington, DC.

The committee met, pursuant to notice, at 9:32 a.m., in room 2359-A, Rayburn House Office Building, Hon. Parren J. Mitchell (chairman of the committee) presiding.

OPENING STATEMENT OF CHAIRMAN MITCHELL

Mr. Mitchell. The hearing will come to order.

Before 1972 there were no statistics available to indicate the number of women-owned business concerns. Since the Bureau of Census began to collect such data in 1972, we have found that women-owned businesses are indeed growing faster than any other segment in the small business community. The Internal Revenue Service and the Bureau of Labor Statistics are now collecting data which substantiate these increases.

Just 1 year ago this month, the National Association of Women's Business Ownership [NAWBO], one of today's witnesses, met with members of the Small Business Committee. Statistics presented at that meeting indicated that women owned 25 percent of all small businesses in the country, and between 1972 and 1979, were going into business at a rate five times faster than men. The most recent figures we have available from the President's current report on the state of small business indicate that women now run 2.5 million businesses, an increase of 33.4 percent since 1977. During the same period the number of businesses owned by men increased only 11 percent.

Business receipts, however, have not kept pace with the increase in business ownership. The gross annual receipts of women-owned sole proprietorships are less than one-tenth that of their male counterparts. Figures obtained from the Internal Revenue Service for sole proprietorships show that women-owned firms account for only 8.9 percent of the gross annual receipts although they make up 26 percent of the total number of U.S. sole proprietorships reporting.

Although these figures relate to sole proprietorships only, all indications suggest similar disparities in receipts for other types of business forms as well. Women simply have not achieved equality in the marketplace. There are a number of reasons. Our educational and social systems fail to adequately encourage and train women for careers as entrepreneurs, particularly in those types of enterprises that generate higher income. For example, women are notably underrepresented in the physical sciences, math, and engineering, disciplines of vital importance in today's surge of high technology industries and which translate into top-priority jobs.

While women are closing the gap in achieving high school and college degrees, they still lag far behind in fields of study which make a difference in business income. The kinds of jobs held by women in the work force do not, by and large, develop management skills. According to SBA figures, women account for 44 percent of the Nation's work force but hold 81 percent of the clerical positions, 97 percent of private household jobs and 61 percent of other service jobs.

We cannot overlook the fact that bias still exists at the bank, in the board room, and at the negotiating table. Women encounter attitudes that challenge their credibility and effectively cut them off from sources of information and assistance badly needed to achieve success. If a woman entrepreneur happens to be a member of a minority group, her problems are compounded.

Some gains are being made. For example, female-operated legal service firms increased five times faster than for other industries from 1977 to 1980. However, women still gravitate toward the more traditional retail trade and services-related industries, the so-called powder-puff industries, with low entrance barriers, high levels of competition, and high rates of failure.

In 1977, our Subcommittee on General Oversight conducted a hearing on the status of women in business. As a result of those hearings, President Carter appointed, in that same year, an Interagency Taskforce on Women's Business Ownership, the first action ever taken by a U.S. President recognizing the special needs of women's business enterprise. A second hearing was held by our subcommittee in 1980, and, in the same year, a number of recommendations were adopted by the 1980 White House Conference on Small Business. But in 1984, women still encounter difficulties in getting credit and contracting opportunities.

Business talent, organizational and managerial business ability are not related to gender and Congress must be committed to the removal of any barriers which make it difficult for women to enter nontraditional fields of business and to achieve equality of business opportunities. Our country has need of talented women to take their rightful place in the mainstream of American business. That includes finance, research and development, manufacturing, construction, high, medium, and low technology along with retail and wholesale trade. The procurement needs of the Government will also be better served if women's business skills are fully utilized.

The purpose of this morning's hearing is to discuss H.R. 3832, a bill to establish a national commission on women's business ownership. I am happy to be a cosponsor of this legislation and welcome my distinguished colleagues who have taken the leadership on this issue. I look forward to their testimony and to the testimony of our private sector witnesses.

Are there members of the committee who want to make a statement?

Mr. **BILIRAKIS**. Yes, Mr. Chairman.

Mr. **Mitchell**. Mr. Bilirakis.

Mr. **Bilirakis**. Thank you, sir.

OPENING STATEMENT OF HON. MICHAEL BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. **Bilirakis**. Last June, Mr. Chairman, I hosted a small business conference in my congressional district, which had an attendance in excess of 300.

We had a number of workshops on various topics. However, the one which had standing room only were the two workshops on women in business.

These women were either already in business or seeking to start one. But they all had the same goals, and that was to educate themselves in what resources were available to them in order that they could succeed in their venture.

Many of these women are involved in service industries, but there were also many who were in nontraditional businesses such as construction.

According to the State of Small Business, which has recently been disseminated, the most rapid growth in the number of female-operated firms is in the nontraditional areas, and along with this have come rapid increases in receipts. However, even for this bit of good news, there has been some bad news; and, as you indicated, Mr. Chairman, the receipts of female-operated businesses are lagging way behind those that are male owned.

And on and on, farm industries, the receipts of female-operated businesses average around $14,000 in comparison to $53,000 for male-operated businesses.

In the service industry, the area of greatest female-operated business concentration, the average receipts were $9,000 compared to $29,000 for the same male-owned businesses.

We are slowly but surely seeing positive cultural and social changes as evidenced by the rapid growth of female entrepreneurs. It is incumbent upon us to encourage female participation and success in the free enterprise system, and I am pleased you have called this hearing this morning.

Thank you, Mr. Chairman.

Mr. **Mitchell**. Thank you very much.

Are there other members who wish to make an opening statement?

Mr. Schaefer.

OPENING STATEMENT OF HON. DAN SCHAEFER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. **Schaefer**. Thank you, Mr. Chairman.

I would like to also commend the chairman for holding these hearings on the Women's Business Ownership Act. I am glad to have the opportunity to review some of the special concerns for women in business.

The traditional roles of men and women in our society are changing rapidly. The family structure is very different, and the number of single person households has increased from 1 in 10 in 1955 to about 1 in 4 today.

Some estimates suggest that traditional husband-wife households will constitute only 14 percent of all households by the year 1990.

The effects of these changes are showing up in our economy and have helped bring a major increase in the number of women entering the labor force. In fact, new workers entering the work force today are more likely to be women than men.

This is good news, but it is tempered by labor statistics that show average earnings of full-time working women well below those of men.

The President's Report on the State of Small Business, however, gives us some indication that this is changing, too. The average earnings for women will gain on those for men, as the kinds of tasks women are performing change. Fortunately, women are making major inroads in many new fields.

The President's report shows that from 1977 to 1980 the number of female-owned proprietorships increased 33 percent. What is more, just 2 days ago, the Bureau of Census reported figures indicating that women entering formally male-dominated executive and managerial positions rose from 18.5 percent in 1970 to 30.5 percent in 1980.

Women judges and lawyers almost tripled. Women veterinarians more than doubled, and women architects doubled as well.

How can this committee help to see that this trend continue is the question. The bill that we are considering today may be one way, and I hope that these hearings will bring to light information that will open other avenues to us.

Again, Mr. Chairman, I commend you for holding these hearings, and I am pleased that the committee has taken an interest in this important issue.

Mr. MITCHELL. Thank you, Mr. Schaefer.

Are there other statements? Congressman Daub?

OPENING STATEMENT OF HON. HAL DAUB, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mr. DAUB. Mr. Chairman, I would simply like to make it clear for the record that whereas the gentleman from Wisconsin, along with you, Mr. Chairman, are to be commended for your efforts to highlight the needs of women in small business with this legislation, I feel very strongly that this bill, like any other, must be scrutinized and reviewed on its own merits.

In this light, I see H.R. 3832 as a bill to establish a new commission that won't be able to tell us anything we don't necessarily already know. In 1980 there was a White House Conference on Small Business that made several substantive recommendations to assist women in small business. The Small Business Administration has the office of "Women's Business Enterprise" which devotes each and every day to identifying and resolving the very issues which this new commission could only give lipservice to. Just 3 weeks ago, the House passed H.R. 5298 which authorized another White House Conference on Small Business—where I'm convinced that this subject can be adequately addressed.

My point, Mr. Chairman, is simply that there are already avenues from which we can tap resources and expertise to learn of the problems of women—disadvantaged or nondisadvantaged—in small business. Rather than create one more forum and find out what we already know, I'd rather see us strengthen those facilities already in existence which can react and solve these problems.

Some may be afraid that this could be perceived as a vote against women, but I fail to see why this should be the case. I'm a supporter of the ERA, a sponsor of legislation to establish an IRA for housewives, as well as well as efforts to strengthen child support enforcements and to eliminate gender based references in the United States Code and other initiatives. Frankly I think women would want us to evaluate a bill such as the one before us today with the same scrutiny and the same criteria as we would any other legislation. With the Congressional Budget Office telling us this bill would cost somewhere around $5 million, and since the commission's efforts would be unduly duplicitous and a waste of taxpayer dollars at a time when we are trying desperately to reduce the Federal deficit. I vote no.

Our ranking minority member of the committee, Mr. McDade, could not be here today, but requests that his opening statement be inserted into the hearing record.

Mr. MITCHELL. Without object, it will be inserted in its entirety at this point.

[Congressman McDade's opening statement follows:]

OPENING STATEMENT OF HON. JOSEPH M. McDADE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

I want to thank our witnesses and our colleagues for their appearance this morning as we review the status of women business ownership.

The remarkable growth of female-owned firms in this last decade has had a significant impact on the small business community and, indeed, on our national economy. But, female entrepreneurs also have significant problems.

Despite barriers which preclude women from receiving equal treatment in the areas of Federal procurement and financial backing and credit; and, despite the lack of the necessary skills and know-how, in many cases, for a successful business operation, their numbers are increasing daily.

In 1979, Executive Order 12138 was signed which created a National Women's Business Policy to foster the growth and prosperity of female-owned firms. It is important that this committee learn what initiatives have been taken since then, by both government and private sectors, to implement that policy and to know what has been accomplished.

Mr. MITCHELL. Congressman Hayes, do you have an opening statement?

Mr. HAYES. No, sir.

Mr. MITCHELL. All right; I ask unanimous consent that H.R. 3832 be entered into the record.

[H.R. 3832 appears in the appendix to this hearing.]

Mr. MITCHELL. The administration has taken a position on the legislation, and we ask that a copy of the correspondence from James Sanders, Administrator of the Small Business Administration, be submitted for the record at this time.

[The letter referred to above follows:]

U.S. SMALL BUSINESS ADMINISTRATION,
Washington, DC, April 11, 1984.

Hon. PARREN J. MITCHELL,
Chairman, Committee on Small Business, House of Representatives, Washington, DC

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Small Business Administration on H.R. 3832, a bill "To establish the National Commission on Women's Business Ownership."

Proposed section 2 would establish a commission known as the National Commission on Women's Business Ownership (the Commission). Pursuant to proposed section 3, the Commission would review (1) the status of women business owners nationwide; (2) the role of the Federal Government in aid to, and the promotion of, women business owners; and (3) data collection procedures with regard to women-owned businesses and Federal initiatives and procurement. Based on its review, the Commission would recommend (1) new private-sector initiatives regarding management and technical assistance to women business owners; (2) ways to create greater access to credit for women in business; and (3) ways to enhance procurement opportunities for women business owners. A woman-owned business would be defined as "a business in which the sole owner is a woman, or in which one-half or more of the partners are women, or if a corporation, where 50 per centum or more of the stock is owned by women."

Proposed section 4 describes the composition of the Commission. Three members of the Commission would be appointed by the President, three members by the Speaker of the House of Representatives, and three members by the majority leader of the Senate.

Pursuant to proposed section 6, the Commission would be able to hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate. The Commission would also be able to obtain from any department or agency of the United States information necessary to enable it to carry out this Act.

SBA believes that the duties of the proposed Commission would duplicate the interagency committee on Women's Business Enterprise, the President's Advisory Committee on Women's Business Enterprise, and the SBA's Office of Women's Business Ownership.

On June 22, 1983, the President created the Advisory Committee, composed of private sector representatives and announced plans to revitalize the interagency committee and have SBA conduct some 22 conferences around the country on womens' business enterprise. Since then, both committees have met and reaffirmed the goals of strengthening the role of women as business entrepreneurs and of encouraging more Federal contracting with women-owned businesses. While Federal contracting with such businesses is still relatively small, awards to them have continued to double in recent years. Five of the conferences have been held already helping to establish the kind of networks of business people, university experts, and womens' groups that must exist in order to give continuing support to women entrepreneurs. In light of the Administration's commitment to the goals of the bill and these ongoing activities, we believe that the bill's proposed commission is not necessary and would constitute a duplication of ongoing efforts.

The Office of Management and Budget advises that it has no objection to the submission of this report to the Congress.

Yours truly,

JAMES C. SANDERS,
Administrator.

Mr. MITCHELL. For those who are here, let me point out that the members will have to be coming and going. We are on many committees, and we have to come in and out and try to carry on our duties.

I will have to leave at about 10:25 and will be back shortly after 11. I think I am setting a precedent this morning. I believe it is the first time that a black woman pastor will present the prayer to the House of Representatives. She is from my district, and I will certainly want to be present this morning for that occasion.

We will now hear from our first witness, a very distinguished Member of Congress, and a very good friend of mine, Congressman James Moody from Wisconsin.

TESTIMONY OF HON. JAMES MOODY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. MOODY. Thank you, Mr. Chairman.

Thank you, colleagues and members of this committee for holding this hearing.

I would like to first also thank the 81 cosponsors of this bill. I think it has received some fairly wide support in the House already, and I particularly want to thank Congresswoman Lindy Boggs for her help and her staff's help in developing of the bill, as well as the Congressional Caucus on Women's Issues and Virginia Littlejohn, who will testify later on.

I came to this issue as a result of a constituent problem. I had a woman owner of a fabricating business in my district who contacted me because she was having so much trouble getting credit and also, although she had been in business for a number of years, she was encountering a lot of difficulties one way or the other.

She was particularly concerned that there were so few Federal programs to guide her and help her relative to the other groups she felt that were getting help and she was not critical of anyone else; she just thought that she needed help as well.

It turned out that she did not fit in very many categories because women owners of fabricating businesses are .001 of the ownership in that particular field.

Women are typically owners of cosmetic and other kinds of small businesses, but small fabricating, steel fabricating plant—we could not even find another one.

So, she had unique problems. As we delved into it, we discovered that there was a gap here and that there were some Federal initiatives and there is, of course, the Small Business, SBA, but that there were many things still to be done, and a lot of data were lacking.

So, I contacted other Members of Congress starting with Ms. Boggs and the caucus and we discovered that there probably was room for a bill of this nature.

As you know, women do face a number of problems in starting businesses and maintaining businesses. Barriers still exist in the terms of availability of capital and credit. Women frequently have less experience in the business world than men and need help in a number of ways.

I think it is an assumption of this bill that it is a good public policy that women have equal, at least equal access to ownership of firms as men have, as part of our current increasing economic independence of women.

I think ownership is as equally important as access to wage-type jobs, and that is the underpinning of this bill.

Women still encounter social and cultural barriers to ownership. There are still the stereotypes that women are not owners of companies except for small beauty-related firms and other similar firms, and there is, I think, you would agree, no real systematic collection of data on the problems that women, in fact, do face, in attempting to own, run, and maintain businesses. Therefore, H.R. 3832 attempts to fill this gap. The provisions of the bill are briefly:

One, to recommend ways to enhance the procurement opportunities for women business owners particularly with respect to Federal procurement.

Two, to review the role of the Federal Government in promoting ownership of women of businesses and to suggest possible changes.

Three, to recommend ways to improve access to credit and capital for women in business.

Four, to recommend new private sector initiatives to assist female ownership in business including management and technical assistance to women business owners.

Five, to review and recommend improvements in data collection and procedures for absorbing information on various aspects of women-owned businesses including existing Federal initiatives and Federal procurement policies insofar as they do exist.

The composition of the Commission would be nine members appointed by the President, the Speaker of the House and the majority leader of the Senate, upon recommendations of the chairman of the House Committee on Small Business and the chairman of the Senate Committee on Small Business.

The Commission members would be selected on the basis of their education, their training, and their experience in the business community.

As I mentioned, there would be nine members.

The Commission would be sunsetted. It would not be a permanent ongoing Commission. It would have a lifetime of 2 years; it would be sunsetted for 2 years, during which it would be charged to perform certain specific tasks, namely, to hold hearings and collect information which would be included in several interim reports and a final report to the President.

The staff of the Commission would not exceed five; it would be five or less. The Commission, I think, is a modest attempt, but I hope a practical and pragmatic attempt to fill what I think is being perceived as a gap in the field.

Those are my brief comments, Mr. Chairman. I would be glad to answer questions.

Again, thank you and the committee for holding this hearing and addressing this issue.

Mr. MITCHELL. Thank you very much.

[Mr. Moody's prepared statement follows:]

PREPARED STATEMENT OF HON. JAMES MOODY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

I would like to begin my remarks by extending my appreciation to you and to the members of your committee for holding a hearing on this important issue. I would also like to thank Congressman Lindy Boggs, her staff, the staff of the Congressional Caucus for Women's Issues, and Ms. Virginia Littlejohn. Their help in the development of this legislation has been invaluable and much appreciated.

I became interested in more fully examining this issue because of a constituent of mine. My constituent had recently acquired a business but was experiencing difficulties in obtaining additional financial backing and help from the federal government. In the course of checking into her problems, I discovered that, since 1979, there has been an Office of Women's Business Enterprise at the Small Business Administration. However, the office had done little in the way of generating program initiatives to aid women business owners. Since the introduction of H.R. 3832, I am pleased to see that the Administration has stepped up efforts in this important area.

Mr. Chairman, American women own twenty-five percent of all small businesses in this country and that percentage is growing at a rapid rate. Nonetheless, the problems facing women business owners are pervasive and contribute to the hardships encountered by many women who wish to start businesses and to the high rate of failure of women-owned businesses.

As the committee is aware, the problems of women business owners have been addressed by hearings in the Senate and in the House. In addition, these problems were discussed and enumerated at the 1980 White House Conference on Small Business. I was pleased to join the distinguished chairman in his efforts to encourage the current administration to hold a second White House Conference on Small Business.

All small business owners, whether women or men, experience similar problems, including limited access to credit and capital. Yet the problems faced by women business owners are more acute because many do not have a long financial history or years of business experience. Women continue to encounter social and cultural discrimination in the business world. In addition, there has been no real collection of data regarding women entrepreneurs on a national scale. It is important that we begin to address these special needs of women business owners in a comprehensive and systematic way.

I believe that H.R. 3832 is the next logical step in our efforts to assist women small business owners over the obstacles they encounter in our economic system. As I stated earlier, I am very pleased that the Administration has established several initiatives directed at reviewing the status of women business owners. H.R. 3832 augments the Administration's efforts and creates a framework, through the bi-partisan work of the commission, for futher legislative and administrative action.

I would like to outline briefly the major provisions of the measure.

H.R. 3832 would create a bi-partisan National Commission on Women's Business Ownership. This two-year commission would consist of nine members appointed by the President, the Speaker of the House, and the Majority Leader of the Senate upon the recommendations of the Chairman of the House Committee on Small Business and the Chairman of the Senate Committee on Small Business. The members of the commission would be selected on the basis of their education, training, and experience in the business community. The bill also attempts to establish a balanced commission politically, geographically, and in the gender and experience of the commissioners. The commission would be provided with a staff not to exceed five.

The commission would hold hearings and gather information from government agencies and departments to develop interim reports for the President and Congress and a final report after the two-year period has ended.

Specifically, the commission would be charged to: recommend ways to enhance procurement opportunities for women business owners; review the role of the federal government in promoting ownership of businesses by women, and suggest possible changes; recommend ways to improve access to credit for women in business; recommend new private sector initiatives in management and technical assistance to women business owners; and, review and recommend improvements in data collection procedures on various aspects of women-owned businesses, including existing federal initiatives and federal procurement policies.

Since the introduction of H.R. 3832, I have had several suggestions about the bill, the most important including a provision to require the commission to review the special problems of minority women business owners. I believe such a provision would be a worthwhile addition to the measure.

In closing, Mr. Chairman, I would like to reiterate that H.R. 3832 is an important bill which would be an initial step towards meeting the needs and addressing the problems of women business owners. Again, I thank the chairman for scheduling hearings on this timely issue.

Mr. MITCHELL. I do have a question.

But I want to confirm the statement that I made earlier, that Rev. Helen Russell will be presenting the prayer to the House of Representatives this morning. Indeed, she is the first black woman to offer a prayer before the House.

So, we have an occasion to celebrate today.

As to the composition of the Commissioners, Congressman Moody, I have just one question:

What can we do to assure that there will be minority participation?

It would be simply awful if we named nine men to head up the Commission.

How do you address that problem?

Mr. Moody. Well, it would be very inappropriate for that to happen, and I completely agree with the chairman.

As I mentioned, the appointments would be made with the recommendations of the chairman of the Small Business Committee of the House, and of his counterpart in the Senate.

In addition, we would be very amenable to putting in a provision in the bill which is not now there, but we would be glad to include a provision, Mr. Chairman, which would specify anything of this sort that you feel would be appropriate.

Mr. Mitchell. I honestly think that is necessary. Chauvinism is not dead in the White House, nor on Capitol Hill, and I think we have to ensure that there will be adequate representation of women and other minorities.

Mr. Moody. Right. We will be glad to have that included.

Mr. Mitchell. Are there other questions for the witness? Congressman Daub?

Mr. Daub. If my ranking member is going to——

Mr. McDade. No, I yield to my friend. I did submit a statement for the record, and we want to welcome all of you. Unfortunately, I have three hearings this morning, almost concurrently.

I will not be able to stay for all the hearing, but we are very much interested in what you are proposing, and we want to welcome all of you.

Mr. Daub. Well, we appreciate our colleague, Mr. Moody, being with us today, and for bringing his bill with his very fine and representative cross-section of cosponsors, original cosponsors to our committee this morning.

I would like your opinion on the record relative to the Small Business Administration concern that the President's Advisory Committee on Women's Business Ownership, the Interagency Committee on Women's Business Enterprise, and the Office of Business Ownership in the Small Business Administration and other private sector initiatives would mean that this effort would be duplicative, and therefore maybe just a repeat of what is already underway, and what really is even more permanently, not even sunsetted, currently in the framework of the executive branch.

Mr. Moody. Well, I think you raise a very valid concern. I have been asking, checking on that, and there are some witnesses who have much more familiarity than I do about what those two groups are doing and can address your question in much more detail than I can.

But from what I have been able to gather, the President's Interagency Commission on Women in Business Enterprise is strictly, is looking only at Federal, has all Federal appointments, is all Federal—the appointees, that is, the Commission is strictly Federal Government people, and in that sense I think there is a gap there, because ours would be, as you know, across the board. Ours would be balanced geographically, and by private and public representation.

But I think that is a gap. I think what we would be doing, in our 2-year sunsetted Commission would be to complement and supplement what they are doing. We would not be duplicating. There should be close coordination and communication so there is no duplication, but there is, I think, plenty to do, and we are suggesting an agency here which would be both bipartisan, specifically that men needed to be bipartisan, and it would look toward legislative involvement because there would be appointment from Congress. It would get this branch of the Government directly involved, so in that sense I think it would have a different mission to offer.

Mr. DAUB. I appreciate your answer. I am a supporter of the equal rights amendment. I am the ranking member on the Aging Committee's Women's Task Force on the Women's Issues in Social Security, which will, by the way, be meeting at 10 o'clock today on a very important issue that we look at called earnings sharing.

I am the original sponsor of the doubling of the nonworking housewife's IRA, as you know, here in the Congress. And I have been very interested in women's issues in that regard, particularly since 17 percent of the women in America receive some kind of pension, and that is all. We have a very serious problem there, and something like this and other efforts can commence to move, women particularly, entrepreneurily into the mainstream, and their opportunity is going to best come in small business, in my judgment, and not in the hierarchies of the major and international and conglomerate corporate boardrooms of America.

So, we appreciate the points you have made.

Do you think you could give us some idea of what you would assign as a cost?

Mr. MOODY. We have——

Mr. DAUB. The sunsetted Commission as you propose.

Mr. MOODY. Right.

Mr. DAUB. I know your bill does provide for a GS-15, or is it 18?

Mr. MOODY. It is an 18.

Mr. DAUB. GS-18 and 4 staff. And do you have some idea about what that would cost?

Mr. MOODY. Right. We have asked for some preliminary cost estimates, and they are very rough, but it would be approximately $1.6 million for the 2-year period. But if the bill does move forward, of course, we would tighten those estimates down more tightly; but that is our preliminary estimate.

Mr. DAUB. And you are aware that your bill has been split-referred so that it is jurisdictional—the minefield through which we have to walk is spread among three of the committees in Congress, instead of one, and I know that I call that, not to your attention but for the record, to make it clear that there is a lot of work that needs to be done to sort through all of that.

And I, for one, appreciate the time you have taken and the very interesting subject you bring before the committee today.

Mr. Chairman, thank you.

Mr. MITCHELL. Are there other members who have questions?

Mr. HAYES. I have.

Mr. MITCHELL. Congressman Hayes.

Mr. HAYES. Just one question.

Mr. Moody, looking at that section of H.R. 3832 which sets out the powers of the Commission, which, if you will note, it begins with the Commission is empowered by the bill to hold hearings, and take testimony and receive evidence.

In order to strengthen the powers of the Commission, do you believe it necessary to include subpoena power and the power to administer an oath to witnesses? Do you think that would strengthen it?

Mr. Moody. I do not feel strongly about that, Congressman Hayes. I would be comfortable if it were not there because I think we are looking at an area that is not either highly controversial, and does not involve security or law enforcement. I would be very surprised if any chairman deem it necessary to swear in witnesses or to have subpoena power.

I frankly am open to the committee's suggestions on that, but I had not put it in the bill initially. The nature of the subject matter would not seem to make that mandatory, although if, in general, Congress feels that it should have those powers if the body that it creates, then I would have no objection.

Mr. Hayes. I am not really pressing for it. I just wanted your reaction to the possibility of adding a little more muscle to the Commission.

Mr. Moody. We are looking at an area here where I would assume we would be dealing with very willing witnesses on every level. I would not think we would need the subpoena, or the power to swear witnesses, but if for institutional reasons the Congress felt—that the chairman and others felt that was important, we would have no objection.

Mr. Hayes. No further questions.

Mr. Mitchell. Let me follow up.

I do not know about subpoena powers, but I am not at all sure that I am in agreement with you when you say that you are going to have all very willing witnesses.

So, I think we ought to at least consider the possibility of having the committee swear in the witnesses.

Mr. Moody. Well, I have no objection.

Mr. Mitchell. I think that's important.

And one last question from me, and that is in regard to focus.

In general, we are addressing the problems of women in business, but is the focus on all businesses or small business?

For example, I am advised that Estee Lauder, that company which makes all those delicious fragrances, is woman-owned, and apparently they are doing quite well. Savvy magazine states that the company had revenues at $1 billion in 1982, employs some 10,000 people, and is female owned, so I don't think they need much help.

Is our focus on small business?

Mr. Moody. Well, that's what I was exactly going to say. Existing large businesses owned by women, probably by definition are not in the help-needing category. The focus I would like to see here would be on small business.

As Congressman Daub points out, that is where job creations really is most productive. That is where job creation is the strongest, and those are the industries by nature which have the most difficult time surviving their early stages, whether men owned or women owned.

That is where I think we need to focus in my judgment.

Mr. Mitchell. Thank you so much. I really appreciate your taking time to appear before our committee.

Mr. Moody. Thank you—and thank you for the opening statements. I think your opening statements, several of you, your listing of statistics are as eloquent a testimony as anything that I can possibly provide in terms of the need for this legislation.

So, thank you very much.

Saundra Herre is also from Wisconsin, later on I would like to introduce her. If I could sit with the committee for a while, I would like to do that.

Mr. Mitchell. We would be most pleased.

Congresswoman Lindy Boggs is scheduled to testify. She is in a briefing for the Armed Services. Whenever she arrives, we will interrupt the testimony of witnesses to allow her to present her testimony.

Congresswoman Claudine Schneider of Rhode Island will be unable to be with us this morning. I understand that she would like to submit a statement, and that will be included in the record, without objection.

We also have a prepared statement of Congressman Bill Green who unfortunately could not be with us today. We will insert his statement at this point also.

[Ms. Schneider and Mr. Green's prepared statements follow:]

Prepared Statement of Hon. Claudine Schneider, a Representative in Congress From the State of Rhode Island

Mr. Chairman I congratulate you on the fine contribution you have made toward the goal of promoting more women's ownership of businesses. You deserve praise on a job well done in bringing HR 3832 before the committee.

This bill will certainly act as a catalyst in the growth of women owned businesses. The IRS figures show that in 1980 there were over 2 million businesses owned by women. This is 22% of our nation's companies. These women owned firms accounted for close to 40 billion in receipts and an impressive 6 billion in net income. This represents a solid growth from just a decade ago when women just began to enter the realm of the business world. This is a positive contribution to the health of our economy at every level of society. These businesses are opening the gate to opportunity for women. Now, even more than before, women can obtain a piece of the American dream.

Again. Chairman and members of the committee, I commend your efforts in establishing a committee for the sole purpose of women owned businesses. I pledge to work with all concerned for the swift passage of HR 3832.

Prepared Statement of Hon. Bill Green, a Representative in Congress From the State of New York

It is my pleasure to submit this statement in support of H.R. 3832, a bill which would establish a National Commission on Women's Business Ownership. This commission would conduct a comprehensive review of the special problems facing women business owners, collect data on women-owned businesses across the nation, and make recommendations toward enhancing women's access to credit and federal procurement programs.

It is vital that we in Congress begin to address the needs and concerns of women business owners. As women attempt to increase their numbers in the business community, we must guarantee that equal access to opportunities exist for them to participate fully in this nation's economic future. We can begin to ensure this access by examining the present stumbling blocks in the business community for women business owners.

In light of the ever increasing "feminization of poverty," now more than ever this issue of women's business ownership must be examined and encouraged. This commission would provide a framework for legislative action just as the successful Commission on Social Security Reform provided the core proposals for our newly adopted Social Security Reform legislative package.

Federal initiatives would lend support to organizations such as the National Association of Women Business Owners. This organization, headquartered in my district, fills a unique set of objectives for the business woman. It provides business contact and peer support, while seeking to change and improve conditions for women business owners. This association is just part of a coalition of women's groups working to improve womens' business and employment opportunities with New York State agencies. It represents a start, but it needs the support of federal legislative initiatives such as those that could be provided by a Commission on Women's Business Ownership.

I ask that you lend your support to H.R. 3832 and ensure the future of American business woman.

Mr. MITCHELL. Therefore, I would like to call our first group to come up: Brenda Alford, the national president of the American Association of Black Women Entrepreneurs; Marybeth Bernhardt, the chair of educational foundation board of trustees for the National Association of Bank Women, and Virginia Littlejohn, chair, the national public affairs, the National Association of Women Business Owners.

Ladies, thank you very much for being here.

Let's start off with the testimony in the order called, and that means you go first, Ms. Alford.

Might I indicate that we have copies of the testimonial statements from all three panel members, and it might be beneficial if we submit the entire statement for the record, and if you would go through your statement and give highlights if you so desire.

TESTIMONY OF BRENDA ALFORD, NATIONAL PRESIDENT, AMERICAN ASSOCIATION OF BLACK WOMEN ENTREPRENEURS

Ms. ALFORD. Mr. Chairman, and members of the committee.

I greatly appreciate the opportunity to appear before you today to provide testimony concerning H.R. 3832, to establish the National Commission on Women's Business Ownership.

On behalf of the American Association of Black Women Entrepreneurs [AABWE], we question the need for a new entity such as the National Commission on Women's Business Ownership, since its stated duties are not significantly different from other entities with the same or similar charges. More specifically, the proposal for the establishment of the National Commission appears to overlook the unique needs of minority women business owners. Further, existing evidence clearly shows that at least 10 previous task force reports have been produced which demonstrate the kind of information and recommendations proposed by the Commission. A sample of the report titles are: Unequal Enterprise in America; Commission on Government Procurement Report of 1982; U.S. Government Contractors; U.S. Commission on Civil Rights, Staff Updates on Minorities and Women as Government Contractors; U.S. Congress House Committee on Small Business, Women in Business; The Spirit of Houston, The First Conference on Women; and To Form a More Perfect Union: Justice for the American Woman.

We find little evidence that previous recommendations emanating from these reports have been acted upon or affected any change. How then does the Commission differ in focus from the Office of Women's Business Ownership, at the Small Business Administration, the President's Advisory Committee on Women Business Ownership, formerly a task force on women business ownership, and which also generated the Interagency Advisory Committee on Women Business Enterprise, Executive Order 12138?

Second and more importantly to AABWE members, what structures under the Commission have designed to address the unique needs of minority women business owners?

The membership of AABWE strongly believe that existing structures are already in place with sufficient baseline data available to make the anticipated recommendation proposed by the Commission.

It is acknowledged that data gaps exists as well as a need to perhaps modify data collection procedures. A case in point is the obvious lack of data on minority business owners. Therefore, AABWE believes that a better use of limited and previous funds would be an implementation strategy based upon studies previously conducted and the inclusion of new data on minority women business owners rather than the study of the same issues and problems.

In the recent past, AABWE has made numerous attempts to support efforts to enhance the success of women business owners. For instance, we submitted proposals to the Small Business Administration to have a major role on the 1983 Initiative on Women Business Enterprise, and on the implementation of the Surface Transportation Assistance Act [STAA].

The initiative mandated the conduct of 25 conferences across the country. We specifically requested participation in the planning of these conferences to ensure that the concerns of minority women business owners would be addressed.

AABWE's proposal for assistance was denied; consequently minority women business owners have had and continue to have little input. Additionally, the cost of these conferences are prohibitive, and they are conducted in areas less convenient to minorities.

With respect to the implementation of the STAA, it was projected that minorities could obtain more access to contracts than had been the case with other public or private programs, projects, or initiatives in history. To date, the full potential of contracting to minority women business owners has not been reached.

AABWE also proposed a project to the Small Business Administration to ensure participation of minority women business owners under the provisions of the STAA. Again, our proposal was denied by the Small Business Administration.

Perhaps, it may be of interest to the committee if I share with you some information on AABWE: its goals, objectives, and structure. AABWE was incorporated in July 1982 as a nonprofit national trade association to assist black women's inclusion in the mainstream of the American economic system.

Working to effect new solutions to the obstacles of successful entrepreneurship, AABWE planned a solid structure with goals and activities to ensure longevity.

We operate with membership, chapter development, business development, public relations, legislative information, training, and publications committees.

Through our efforts, we have reached over 3,000 black women business owners in 32 States representing every industry from among the more than 26,000 firms.

These black women business owners experience the same problems of small business owners; the sex discrimination of women-owned businesses, but also experience unique problems which are related to race.

The racial factor is substantiated by a study conducted by the National Business League who found that minority women experience additional barriers, such as racial discrimination, jurisdictional location, personal, and safety security, artificial competition with nonminority women, family management as it relates to the head of household, psychological factors relating to stereotypes of both race and sex, and the insensitivity of others to the uniqueness of double discrimination.

Further, the study findings revealed that the major source of business for minority women and particularly black women was from the private sector. In fact this observation held true for 42 percent of the respondents. While on the other hand only 30 percent indicated that their business was from State and local governments.

AABWE acknowledges that the Government does not have a responsibility to assure business success. However, it is a fact that Federal legislation exists to ensure small and minority owned businesses equal access and the opportunity to obtain contracts.

Women business owners and more specifically, black women business owners lack equal access to contracts. One particular case which comes to mind is the efforts of one of our members, a black female who owns a graphic design firm. Having acquired over 20 years of experience in all phases of graphic design, she is told that only experience as a business owner qualifies for Government contracts as opposed to technical expertise in the field. This suggests that no matter how qualified a new black woman business owner may be, she is denied the opportunity to compete for contracts due to limited years of business experience.

Within this same area, other agencies use a blanket purchase order arrangement. This procedure involves an annual selection of firms to participate in the bidding process. If a women business owner or more specifically a black woman business owner wishes to participate in this process and is not chosen on the annual date of selection, she must wait several months or years to gain access to the process. It appears then that agencies can and do use the blanket purchase order procedure to avoid the competitive process which is at best discriminatory to women-owned businesses.

In addition to the above-stated limiting factors in the graphic design industry, other departments combine procurement requirements for unrelated services and products valued at several million dollars, making it impossible for the small firm to compete.

An additional major problem reported by AABWE members have to do with their marketing efforts. Black women business owners, due to their dualistic identity, are shuffled between Government agency staff persons who handle minority business enterprises [MBE's] and those who handle women business enterprises [WBE's].

The proposed legislation for the development of the National Commission on Women's Business Ownership does not appear to address the unique issues of black women business owners nor do the Commission's goals and objectives, as stated, appear to address problems which have already been identified by previous task forces. Therefore, AABWE perceives the National Commission on Women's Business Ownership as more ceremonial than material.

Thank you very much for the opportunity to appear before you. The individual points of the Commission are indicated in the testimony, and I will be glad to answer any questions.

Mr. MITCHELL. Thank you very much, Ms. Alford.

What I would like to do is to hear from all three of the witnesses, and then we will submit our questions.

[Ms. Alford's prepared statement with attachment follows:]

PREPARED STATEMENT OF BRENDA ALFORD, NATIONAL PRESIDENT, AMERICAN ASSOCIATION OF BLACK WOMEN ENTREPRENEURS

Mr. Chairman and members of the Committee, I greatly appreciate the opportunity to appear before you today to provide testimony concerning H.R. 3832, to establish the National Commission on Women's Business Ownership.

On behalf of the American Association of Black Women Entrepreneurs, we question the need for a new entity such as the National Commission on Women's Business Ownership, since we have in our files, copies of at least 10 previous task force reports, commission reports, committee and board reports. These reports include, Bottom Line: Unequal Enterprise America, Commission on Government Procurement Report of 1972, U.S. Commission on Civil Rights, Minorities and Women as Government Contractors, U.S. Commission on Civil Rights, Staff Updates on Minorities and Women as Government Contractors, U.S. Congress House Committee on Small Business, Women in Business, The Spirit of Houston, The First Women's Conference, and To Form a More Perfect Union, Justice for American Women. We find very little evidence that previous recommendations have been acted upon or effected any change. Additionally, existing is the Office of Women's Business Ownership, the President's Advisory Committee on Women Business Ownership, formerly a Task on Women Business Owners, and which generated the Interagency Advisory Committee on Women Business Enterprise (Executive Order 12138).

We believe a better use of limited and precious funds would be an implementation recommendation based upon studies previously conducted rather than the study of the same issues and problems. Perhaps strengthening the Office of Women's Business Ownership at the Small Business Administration to assure that office is responsive to the needs of all women, especially minority women.

The American Association of Black Women Entrepreneurs requested to have a major role, with the assistance of the Small Business Administration, on the 1983 Initiative on Women Business Enterprise and in the implementation of the Surface Transportation Assistance Act of 1982. The initiative stipulates the conduct of 25 conferences across the country and our request was to ensure that the concerns of minority women would be addressed. To date that request has been denied and minority women have little input. Additionally, the cost of some conferences may be cost prohibitive and some are conducted in areas less convenient to minorities.

It has been projected that minorities may obtain more access to contracts through the Surface Transportation Assistance Act of 1982 than has been the case with any program, project or initiative in history. The American Association of Black Women Entrepreneurs proposed a project to the Small Business Administration to ensure participation of minority women under the provisions of the Act. Again we were denied access.

Perhaps, may be interest to the Committee if I share some information on minority women, especially Black women. For most of the respondents (42 percent) in the National Business League survey, the major source of business activity was the private sector. For a large portion (30 percent) their business activity was evenly divided between state and local governments. Owning 26,000 enterprises, Black women have contributed to economic vitality paying the way for future generations. The American Association of Black Women Entrepreneurs was incorporated in July 1982 as a non-profit national trade association to assist Black women's inclusion in the mainstream of the American economic system. Working to effect new solutions to the obstacles of successful entrepreneurship, the Association has planned a solid structure with goals and activities to ensure longevity. We operate with the Membership/Chapter Development, Business Development, Public Relations, Legislative Information, Training, and Publications Committees. Through our efforts we have reached over 3,000 Black women business owners in 32 states representing every industry.

We experience the same problems of small business owners, the sex discrimination of women-owned businesses, but also experience unique problems. A study conducted by the National Business League found that minority women experience additionally barriers—racial discrimination, jurisdictional location, personal safety and security, artificial competition with non-minority women, family management as it relates to head of household status, psychological factors relating to stereotypes of both race and sex, and the insensitivity to the uniqueness of double discrimination.

Our membership acknowledges that the government through legislation does not have a responsibility to assure us business success, however, we do feel there is a responsibility to assure that we have opportunity and access.

One of our members has experienced considerable difficulty with the federal government. After having acquired over 20 years of experience in all phases of graphic design, she is told that only experience as a business owner can be considered for government contracts. Other agencies conduct annual selections of graphic design firms and one must wait for years to be considered. These agencies utilize blanket purchase orders to avoid the competitive process. Because the agencies use the purchase orders, firms cannot hope to be considered for a contract even if the firm is 8(a) certified. Other departments lump requirements for millions of dollars well beyond the reach of small firms.

Perhaps the Committee could provide assistance to federal agencies on behalf of minority women marketing and attempting to do business with agencies as described. In addition, some members of the Association report on their marketing efforts concerning the basic issues facing their dualistic identity. Some agencies shuffle our members between the agency staff person who handles minority business enterprises (MBE) and that individual who handles women business enterprises (WBE).

Now to the specifics of the National Commission on Women's Business Ownership. The Commission does not appear to articulate clear goals and objectives, therefore, one could perceive its intent is more ceremonial than material. The focus on procurement seems to be overstated since of the 712,000 women-owned firms according to the 1977 Census, I would doubt that the major issues of women are not in the procurement area.

Duties of the Commission center around the collection of data for reviewing, involves readily available data. Certainly the Office of Women's Business Ownership of the Small Business Administration has some of the research completed. Trade associations and organizations of business owners can assist in providing the nationwide status of business owners since the 1980 White House Conference on Small Business. A poll taken by the American Association of Black Women Entrepreneurs indicates that Black women are worse off in 1983 than in 1980.

However, the picture for all women appears to be different. Between fiscal year 1981 and 1982 the value of prime contract awards rose 16.9 percent. One agency alone, the Department of Defense, accounted for 12.7 percent of the 16.9 percent increase, according to the State of Small Business: A Report of the President. Women-owned firms receive $75 million in contracts during fiscal year 1979 with a tremendous increase by fiscal year 1983 to $860 million, which represents over 1,000 percent increase.

The Presidents' report on small business may provide some information, although not a single page of the 485 pages is devoted to Black women business owners. Some say we are included in the statistical counts of women-owned businesses, while others contend that we are counted as minority-owned firms, and still others state that we are counted under both categories. Then their may be the possibility that we are not counted at all. Perhaps, the Committee could clear this issue.

The next duty of the Commission involves the government's role in the aid and promotion of women-owned firms. Each federal department has a staff person whose responsibility includes small business and some have an individual for women business enterprises. These individuals could provide the data to be gathered by the Commission.

The third issue listed for the Commission is the review of data collection procedures with regard to women-owned businesses and Federal initiatives and procurement. Because of the lack of available data, the American Association of Black Women Entrepreneurs collects data on business ownership and has placed the first records in the Bethune Museum and Archives. Later records will include more data on historical Black women business owners and an on-going account. These records will be put in print concerning Black women of the past, present, and future.

The Bill further states that based on the review of the data collected, the Commission shall conduct three activities. The first is to recommend new private-sector initiatives concerning management and technical assistance for women business owners. It is unclear how the data collection effort will indicate needed private sector initiatives. We need a study of the experience of government supported management and technical assistance to shape that of the private sector.

The second item, creating greater access to capital, is a very critical issue for study. A poll taken by the American Association of Black Women Entrepreneurs indicated that stigmas present barriers to apply for and receive adequate capital, and for the consideration of loans. A study by Hisrich and O'Brien found that women experienced problems with collateral, obtaining credit, and overcoming society's belief that women are not as serious as men about business. Another study by Hisrich and Brush found the credit obstacles need the intervention that trade associations offer.

The section of the Bill containing the definition of women-owned businesses should indicate 51 percent ownership for corporations instead of 50 percent.

Overall this section on the duties appears to involve only firms who do business with the federal government. However, a large portion of all firms provide personal services which are not usually sold to the government. Is the Commission designed to address the issues of all business owners or select groups?

The section on membership of the Commission consumes more space than the duties and perhaps has greater significance. The selection procedure will insure that at least one-third be females, at least one-third be business owners, and that the political parties are well represented. Are Black women and other minorities excluded again? Will the requirements of education, training, or experience be such to exclude us?

Great lengths have been conducted to exclude the salaries of Commission staff from the various provisions. However, no mention is made of the duties of the staff members. Is salary more important than the roles and responsibilities?

Concerning the procurement of temporary and intermittent services, Commission meetings of four to six times a year probably do not allow for the administration of these procurements. Instead the Commission may request staff to procure needed services. The rate of pay however should be competitive, rather than as stated to not exceed the daily equivalent of the maximum annual rate of basic pay for GS-18 of the General Schedule.

The powers of the Commission should include a mechanism for implementation of the reported materials, to be enacted for business owners.

Thank you for allowing me the opportunity to appear before you today. I would be pleased to answer your questions.

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Mr. MITCHELL. Ms. Bernhardt.

TESTIMONY OF MARYBETH BERNHARDT, CHAIR, EDUCATIONAL FOUNDATION BOARD OF TRUSTEES, NATIONAL ASSOCIATION OF BANK WOMEN

Ms. BERNHARDT. Mr. Chairman and members of the committee, I would like to introduce myself. In addition to being affiliated with the National Association of Bank Women, as vice president and manager of the commercial loan division at D.C. National Bank here in Washington, and I am very pleased to have the opportunity to represent NABW here today.

Our organization is a professional organization of over 30,000 officers and managers within the financial services industry.

Our primary mission is the enhancement of the careers of our members through education. But in the last several years we have really become much more involved in other consumer kinds of activities, and we have been providing educational opportunities for women business owners.

At the request of the SBA and also the Farmers Home Administration, we have assisted in establishing for women business owners the ability to assess their firms' prospects for expansion and how to enhance their potential for success in seeking capital.

We did this through grants from both of these Federal agencies as well as from the Donner Foundation, and we created a program called Money and Your Business.

NABW member volunteers like myself have helped to run 20 of these, and we plan to offer 13 more in 1984.

Through the work we have done over the past several years, we believe we have developed an understanding of the concerns and characteristics of women business owners, particularly business owners who have been in business 2 to 7 years, and the primary individuals that we have gotten to know are owners of businesses with revenues of approximately $50,000 to $1 million.

I would like to share with you a profile of the women who have attended our workshops that we have gotten to know. Most of them have a minimal knowledge of the financial workings of their firms.

Their focus is on the delivering and selling their products, and they are not sure what questions they should be asking their accountants and their bankers and their financial advisers.

Most have indicated limited or erroneous understanding of financing options, how to tap these and how financial institutions work; and the financial services industry is certainly not making that any easier because we are getting more and more complex everyday for the consumer to understand, and NABW's program provides knowledge on these subjects.

Many of the women also seem to exhibit an unusual hesitancy about expanding their firms. Partly, we think that is because it is a desire to retain control of those firms, and partly a fear in committing to the financing requirements that would go along with that.

A second part of what we have done is conduct some secondary research and focus groups, focusing on minorities, specifically black and Hispanic women business owners, and how their needs and issues differ from women small business owners in general.

The first most important thing is that we could not find many resources in which to do research on this subject. However, in the focus groups that we did conduct, black women entrepreneurs indicated clearly that they have experienced what is perceived to be discrimination, or at least a significant lack of receptivity, as they seek financing.

Another issue that was mentioned is that they felt that they had to make a much stronger case for their firm's plans, if it included marketing to the nonminority community.

Based on what we have read and heard from minority women business owners, we have concluded several things:

That minority women entrepreneurs may, and often do, face a series of challenges in seeking financing that are beyond those that their nonminority counterparts face.

And also more than adequate preparation of a business plan is required when minority women seek financing.

Minority women entrepreneurs' potential for success in seeking financing will be enhanced if they are more sensitive to the issues that might face and build strategies and skills to deal with them.

I would like to give an example there. One of the women, and I did not meet her personally so I can speak only from other people sharing this with me—one of the women we worked with had been turned down 12 times while seeking a rather substantial loan.

Her business was a pharmaceutical manufacturing company, which is an unusual business for a woman to own, in the first place.

After 12 rejections, she continued to seek capital, and she was finally approved for a loan. As a part of her experiences in the workshops that she joined us in, she did develop some ideas on the ideas on the skills and strategies to use to get that financing.

An example is, she knew that one of the things that was hurting her was that she was female, black, young, and in a nontraditional field, and following being a part of this workshop, she did decide to take a CPA and attorney with her to apply for a loan, and flex a style a little bit to figure out what would be necessary to sell that deal to the bank that she was talking about, and that deal finally was approved.

Finally, minority women business owners have limited knowledge about financial institutions, how they work, what they expect, and, as a result, they have many negative experiences with bankers.

But I have to mention that, in reality, I don't think that is any different from their nonminority counterparts.

Our focus has been on expansion capital in the workshops we have done. However, in that process of recruiting participants for those workshops, we have identified a tremendous need that has not yet been addressed, which is startup capital and the startup business owner who has an extremely difficult time tapping counseling sources and capital sources.

Because these resources are either unavailable or not widely used, women are pursuing business ownership with very little chance of even marginal success.

The National Association of Bank Women endorses the establishment and major objectives of the National Commission on Women's Business Ownership. Increasing numbers of women-owned firms, and the potential that they provide for contribution to our economic growth, we believe, is essential, but what is also essential is the systematic understanding of what is required to see that potential recognized.

Our experience leads us to comment in three specific areas about the proposed commission. The first issue to us is the major one, and that is the data base that will be used for the commission's review.

To date, it is very difficult to obtain good data on women business owners, and we specifically would like to cite an example of a problem which is that at this point, it is our understanding that research is collected, based on sole proprietorships.

Traditionally, this is going to really make an impact on the numbers and make women's business ownership appear inconsequential in size and impact, when, in fact, there are many women-owned corporations that need to be counted in those statistics. And so, collecting that data for use within the Commission will be one major challenge.

Until a reasonable approach to that data collection is developed, any recommendation made by the proposed commission will not be reflective of the wide range of women business owners.

Second, we encourage the expansion of private sector initiatives and involvement and believe that the program that we have put together called, Money and Your Business is an example of that. It certainly has provided a tremendous service to the women business owners, but it also provided real benefits to bankers.

Examples of that are new or expanded businesses, better informed customers which are always easier to deal with, and goodwill for the banking industry in general.

Banks can create new customers two different ways: We can go and we can steal them from somebody else, and just move them around from bank to bank.

Or we can nurture small businesses and help them grow so that they become larger businesses and expand the economy in our business market.

And, so we endorse this kind of partnership to build that kind of business, and certainly encourage women's small business ownership.

And important consideration in this sector of the future management and technical assistance, that is referenced, is supportive high impact resources.

High impact implies small numbers of people. Unfortunately, a lot of attention and visibility and support are given to programs that reach a very large number of people with a very low kind of return for them, without regard for the results at all.

It is very clear to us that what is needed is to move women business owners beyond survival only is intensive, focused, hands-on kinds of resources.

A third area of the proposed commission's work is to explore the expansion of women business owners' access to credit and capital, and we encourage that that Commission look at all those factors involved.

Our programs have demonstrated that access can be enhanced when owners are better prepared and more knowledgeable about their firms' financial needs and how to best satisfy them.

We also consider it the role of the financial institutions very important in providing that capital, and it is our feeling that there still is work to be done in increasing lenders' sensitivity to the needs of small firms generally and the unique concerns of women owners.

An additional difficulty which I heard referred to earlier today as well is that lenders have been trained to deal with larger, nonservice firms, and the vast proportion of women-owned businesses to date are service firms, and they do not fit the traditional financing guidelines. It is much different financing payroll and people than it is financing a piece of equipment that you can touch.

As mentioned, we think a major gap does exist in how to address the needs for startup capital, and it is our observation that part of what is required is counseling on the realities of ownership.

The work that is outlined for the commission to pursue is needed and will be challenging. It is NABW's hope that the recommendations which emerge from the proposed commission will have the opportunity to move beyond recommendation only.

That prospect will be enhanced by the strength of the commission members, its staff, and the thoroughness of its work.

We as an organization would be interested in assisting in any way in providing lists of qualified individuals we have seen across the country who might be able to assist in that program.

I thank you for the opportunity to share our experience and conclusions about the needs of women business owners.

[Ms. Bernhardt's prepared statement with attachments follows:]

PREPARED STATEMENT OF MARYBETH BERNHARDT, CHAIR, EDUCATIONAL FOUNDATION BOARD OF TRUSTEES, NATIONAL ASSOCIATION OF BANK WOMEN

NABW'S WORK WITH WOMEN BUSINESS OWNERS

The National Association of Bank Women (NABW) is a professional association comprised of 30,000 officers and managers of financial services institutions. NABW's primary mission is the enhancement of careers of its members via education. In addition to self-development, NABW members have shared their expertise with a variety of consumer groups. For four years, NABW has been providing educational opportunities to women business owners. NABW's work began as a result of requests from the U.S. Small Business Administration and Farmers Home Administration to assist established women business owners in assessing their firms' prospects for expansion and how to enhance the potential for success in seeking financing. With grants from these two federal agencies and the Donner Foundation of New York, a five-part workshop series, "Money & Your Business," was developed (program description attached) to address these issues. NABW members, as well as other bankers and CPAs, have volunteered their time and expertise to serve as workshop leaders. The program has been offered in 20 sites to date and 13 offerings are planned for 1984 alone.

WOMEN BUSINESS OWNERS AND BUSINESS FINANCING

Through NABW's work these past four years, we have been able to understand very clearly the concerns and characteristics of women business owners—particularly those in the early years of ownership (approximately 2-7 years). Those with whom we have worked own firms with sales/billings from $50,000 to $1 million annually.

The following provides a profile of many of the women who have attended our programs:

Most have a minimal level of knowledge about the financial workings of their firms. Most have relied heavily on others to handle this aspect of their businesses while they focused on delivering their products/services. They tend to know "they don't know" and are most willing to seek help. Difficulties often arise because they often aren't sure about what questions they need to be asking of their accountants, bankers, financial advisors, etc. As a result, many have had unpleasant experiences which have often been costly.

Most have indicated a limited and/or erroneous understanding of financing options, how to tap these, and how financial institutions operate and make financing decisions. These difficulties have increased in recent years as the financial services world has become more complex. One of the major benefits of NABW's program has been to help provide much needed knowledge on these subjects.

Many of the women seem to exhibit an unusual amount of hesitancy about expanding their firms. Some of the reluctance stems from a desire to retain control while for others it's an apparent fear of committing to the financing required.

In addition to the program offerings, NABW conducted secondary research and two focus groups to begin to assess the extent to which minority (Black and Hispanic) women business owners had needs or faced issues significantly different from those of their white counterparts. This work resulted in the following findings:

1. We could not find resources that have addressed the issues surrounding access to capital for minority women entrepreneurs. There are a few instances of research on demographic characteristics of minority women, but even those are limited. Of the research conducted to date, none seems to reveal anything of particular note.

2. We conducted focus group discussions in San Antonio and Chicago to explore personal experiences and determine if we could elicit something of substance. This feedback, plus the feedback from minority owners who attended "Money & Your Business," generated the following comments:

The Black women entrepreneurs indicated they had experienced what was perceived to be discrimination, or at least a significant lack of receptiveness, in their attempts to seek financing. Several noted that the combination of being female and black meant they had to push significantly longer and harder to achieve their goals. One woman, owner of a pharmaceutical manufacturing firm, experienced twelve (12) "nos" before successfully negotiating a sizeable expansion loan. She felt that other factors compounded her situation—her youth and the fact that the bankers often did not understand her business.

Another issue that was mentioned was that the women felt they had to make a stronger case for their firms' plans if they included marketing to a non-minority community.

The perceptions of the Hispanic women were quite different. There was some indication of experiencing discrimination, but it was not raised very often, and when it was it was in the context of being female rather than Hispanic. One fact that may impact this group's experiences is that San Antonio is heavily Hispanic and there is probably a greater acceptance and comfort level on the part of both Anglos and Hispanics in working together. It would be valuable to explore this further with other groups of Hispanic women entrepreneurs who may be in a more isolated, but growing, community (e.g. Denver).

Based on what we read and heard from minority women business owners, we have concluded that:

Minority women entrepreneurs may, and often do, face a series of challenges in seeking financing that are beyond those that their non-minority counterparts face.

More than adequate preparation of a business plan, etc. will be required when minority women seek financing.

Minority women entrepreneurs' potential for success in seeking financing will be enhanced if they are more sensitive to the issues they might face and build strategies and skills to deal with them. Let's return to the situation of the pharmaceutical firm owner mentioned earlier. She attended a "Money & Your Business" workshop and, through that experience, realized that she knew what she was facing but wouldn't address it realistically and find ways to overcome the obstacles. She knew the combination of being female, black, young and in a non-traditional field was working against her, yet she had refused to either take anyone else with her (like her CPA or attorney, etc., who might counter-balance her presence) or to flex her own style to build a stronger rapport. After the workshop she realized that these tactics might have reduced the need for so many attempts to seek financing.

Minority women business owners have limited knowledge about financial institutions, how they work, what they expect, and as a result have had negative experiences in working with bankers. This reality does not seem to be any more extreme than their non-minority counterparts.

In the process of recruiting participants for the workshop series, we have identified a tremendous need that still has not been addressed adequately in any organized fashion. The start-up business owner has an extremely difficult time accessing capital, or tapping counseling resources to assist her in start-up planning. If such resources exist in a given community, they need to be promoted more widely and effectively. Because these resources are either unavailable or not widely used, women are pursuing business ownership with very little chance of even marginal success.

COMMENTS ON H.R. 3832

The National Association of Bank Women endorses the establishment and major objectives of a National Commission on Women's Business Ownership. With the ever-increasing number of women-owned firms, and their potential (if well-managed) for contribution to economic growth, it is essential that their be a systematic understanding of what's required to tap that potential.

In terms of the general duties of the Commission, NABW's experiences in working with women business owners precipitate some specific comments.

I. All of the Commission's duties require access to a data base on women business owners, or the collection of data that will provide a good representation of the women business owner population. Such data is currently limited and the determination of adequate data collection methods must be made before any recommendations will be of value. An example of the current problems with the data available is that it reflects information on sole proprietorships. As a result, women-owned firms are often viewed as being inconsequential in size and impact. It is critical that women-owned corporations be included in the research process. Another data base problem was commented on earlier in the discussion of research on minority women business owners—virtually none of substances exists. Until a reasonable approach to data collection is developed, any recommendations made by the proposed Commission will not be reflective of the wide range of women business owners.

II. NABW encourages the expansion of private sector initiatives and involvement in support of women-owned firms. Our work with women business owners has been a tremendous service to the owners. However, bankers and their institutions have benefitted as well in the form of new/expanded business, better informed customers, and in goodwill for the banking industry. Exploration of other such partnerships can provide the same kinds of returns to all who participate.

An important consideration to be made in future management/technical assistance efforts is the support of high impact resources. Usually, to achieve high impact implies reaching small numbers of people at a time. Unfortunately, rewards seem to accrue to those who reach many thousands of people without regard for results. It's very clear that what's needed to move women business owners beyond survival only is intensive, focused, hands-on kinds of resources.

III. A third area of the proposed Commission's work is to explore the expansion of women business owners' access to capital and credit. In pursuing that exploration it will be important to look at all factors involved. NABW's programs have demonstrated that access can be enhanced when owners are better prepared and more knowledgeable about their firms' financial needs and how best to satisfy them. It's also important to consider the role financial institutions play in providing capital and credit. There is still work to be done to increase lender's sensitivities to the needs of small firms generally and to the unique concerns of women owners.

A further difficulty on the lending side is the tendency for lenders to be trained to deal with larger non-service firms, whereas the great proportion of women-owned companies are service firms that don't fit the traditional financing guidelines. As mentioned previously, a major gap exists in how to address the needs for start-up capital. NABW's observations are that part of what's required is counseling on the realities of ownership.

The work that is outlined for the Commission to pursue is needed and will be challenging. It is NABW's hope that the recommendations which emerge from the proposed Commission will have the opportunity to move beyond recommendation only. That prospect will be enhanced by the strength of the Commission members, its staff and the thoroughness of its work. NABW will be interested in being of assistance as the work proceeds.

"MONEY AND YOUR BUSINESS" WORKSHOP SERIES

I. OVERVIEW OF THE PROGRAM

It has become increasingly difficult for the small and medium size business owner to survive, much less operate a profitable business in this economic environment. As bankers, we have seen many good businesses go under due to mismanagement or lack of capital coupled with the lack of financial expertise. Add an inflationary economy and even the stronger small business will find it hard to maintain its stability.

Our role, as bankers, is not to tell the owner/manager of a small business how to operate in a profitable manner. Rather, we can and should provide the entrepreneur with comprehensive knowledge about operating a financially sound business.

Objectives of the program

(1) Provide a practical resource for identifying, developing, and expanding profitable relationships with small business owners by enabling such customers and prospects to better plan and define their capital requirements to determine how to best finance their capital needs, to manage their financial resources for profitable growth, and to handle loan negotiations more effectively.

(2) Improve the capacity of small business owners and managers to communicate their financial needs to their bankers, to evaluate and choose financial methods most appropriate to their needs, and to employ financial management practices essential to profitable performance and repayment of financial obligations.

(3) a. If offered through your bank, develop an enhanced competitive position by offering a new financial service product to customers and prospects which provides multiple call potential and the ability to cross-sell bank services.

b. If offered through your NABW group, increase NABW community visibility and provide a service to both entrepreneurs and bankers.

Target population for seminars

The "ideal" participant is a business owner who has been in business a minimum of three years. The owner may or may not have had experience in seeking financing for his/her firm.

Since some of the materials (in sessions 4 and 5) deal directly with issues facing women entrepreneurs, you may wish to offer sessions exclusively for women business owners.

Background on seminar development

The seminars are based on the "Money and Your Business" series of financial guidebooks developed by Donald Rappaport and Robert E. Butler, partners of Price Waterhouse, and edited by Allan M. Disman, Vice President of the Financial Institutions Division of Chemical Bank. The series also incorporates NABW's "Business Financing: Preparing the Woman Entrepreneur" program which was developed with funding from the Small Business Administration, William H. Donner Foundation, and the Farmers Home Administration. With these additions, you may target the program's offering to women entrepreneurs only.[1]

The materials are the distillation of the experiences of thousands of small to middle-market businesses, and highlight the distinctive financial management practices of those that experience continuing financial difficulty and fail. Examples include retail service, wholesale, distributing and light manufacturing companies.

II. ORGANIZATION AND CONTENT OF THE SEMINARS

SEMINAR I

How to Plan for Business Success:
Defining the business.
Setting business goals.
Use of financial forecasts and budgets to manage business performance and health.
Planning sales and marketing strategies.
Planning capital and financing needs.

SEMINAR II

How to Plan for Continuing Success:
Crucial factors of business survival and success.
Need for financial management and control.
Using cash flow forecasts to define and control financial needs.
Barriers to planning and how to resolve them.
Interaction of Balance Sheet Income Statement items.
Break-even analysis.

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[1] NABW has received grant money from the Small Business Administration to further enhance this program by adding video support in sessions 4 and 5, plus supplementary materials relating to the issues faced by minority women entrepreneurs. The video tapes will be available April 1983, the minority supplement by June 1983.

Managing fixed and variable costs.
Deciding to lease, buy, or rent.
Translating objectives and plans into dollars with financial forecast or budget.
Contingency planning.

SEMINAR III

Controlling Your Business: How to Protect and Conserve Your Resources:
The three basic methods of control.
How to pinpoint and prevent problems.
Controls for cash, receivables, inventory, investments, assets, accounts payable, and payroll.
Minimizing loss through fraud or error.
How to minimize your tax liability.

SEMINAR IV

How to Get the Money to Implement Your Growth Plan:
Types and sources of financing.
Where the money comes from.
Making your business creditworthy.
What lenders look for in evaluating your creditworthiness.
Uses of "bootstrap," equity, and debt financing.
Preparing the financing proposal.
Selling the financing proposal.
Government guaranteed financing.

SEMINAR V

Negotiating the Loan Agreement:
Preparing for the loan negotiation.
Opening the negotiation.
Techniques for handling objections.
Reaching agreement.
Handling the "No".
Understanding what's negotiable.

Mr. MITCHELL. Thank you very much. I'd just like to make some observations before we hear from our next witness. Is it a monthly publication you put out?

Ms. BERNHARDT. It's a bimonthly.

Mr. MITCHELL. Bimonthly. It's very helpful to me. I must confess that I use it for males, also. It's quite an excellent publication.

Ms. BERNHARDT. Thank you.

Mr. MITCHELL. And also, just a comment that with reference to the implementation of the recommendations, I think I can speak for all of the members of the committee. If indeed, the Commission is formed and operates well, which I expect it will, we will follow through in the same fashion as we did with the recommendations of the White House Conference on Small Business. I was very pleased with this committee's performance in following through on those recommendations, and I can pledge to you, and I think I can speak for all the members, that if recommendations are forthcoming we will follow through on them.

Ms. Littlejohn; and again, I have only about 7 minutes before I go to be prayed for.

Ms. LITTLEJOHN. Yes, sir. I'll talk very fast.

Mr. MITCHELL. No, no, no. You take your time, because Congressman Hayes is going to take over for me. So, please take your time.

TESTIMONY OF VIRGINIA LITTLEJOHN, PRESIDENT, CAPITAL AREA CHAPTER, NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS

Ms. **Littlejohn**. Good morning, Mr. Chairman and members of the committee and friends. It's a real pleasure to be here today. My name is Virginia Littlejohn, president of Littlejohn Johnson, Inc., a Washington firm providing association management and computer software development for microcomputers. I serve as president of the Capital Area Chapter of the National Association of Women Business Owners, known as NAWBO, am involved with its new educational foundation as president, and serve as national public affairs chair of NAWBO and vice chair of the Women Business Owners Political Action Committee.

NAWBO's action plan of last year, released on April 28, 1983, called for the creation of a bipartisan women's business ownership commission, jointly appointed by the President and Congress, to review both Federal and private sector initiatives concerning women business owners.

Congressman Jim Moody's bill, H.R. 3832, was a direct outgrowth of this action plan, and enjoys NAWBO's wholehearted support.

We were, of course, extremely pleased with President Reagan's announcement, in late May 1983, of the reactivation of the Interagency Committee on Women's Business Enterprise, designed to focus on Federal initiatives concerning women entrepreneurs, and of his creation of a new President's Advisory Committee on Women's Business Ownership, to focus on the private sector.

Despite the work currently being done by these two bodies, NAWBO continues to support the creation of a bipartisan commission, appointed both by Congress and the President.

We believe that this will take the issue of women's business enterprise outside the narrowly partisan political arena—as indeed happened during the final year of the Carter administration—to the program's detriment on the Hill with former supporters on the Republican side, and with the Reagan administration during its first 2½ years. In addition, we believe that there is a distinct benefit in having one body review and make recommendations concerning both the Federal and private sectors.

And, if I could add here, also, the legislative appointment component, I think, is quite critical in the area of recommendations and implementation of recommendations.

NAWBO would like to formally commend and thank Congressman Jim Moody, Congresswoman Lindy Boggs and their staffs for their leadership roles on behalf of this bill and this increasingly important entrepreneurial constituency, and to you, Chairman Mitchell, for holding this hearing today.

As to the duties of the Commission, NAWBO supports all the review components under section 3(a).

Based on this review component, in addition to the recommendations included under section 3, NAWBO would add the following changes, which I have underlined in my testimony.

Recommending new private sector, as well as Federal, initiatives regarding management and technical assistance to women business owners.

Recommending ways to create greater access to credit and capital for women in business, including venture capital.

Recommend ways to increase procurement opportunities for women business owners, both at the prime and subcontracting levels.

And, experimenting with teaming and procurement pooling approaches, which we think are quite interesting.

Recommend ways for the Federal Government to provide incentives in the procurement process and otherwise to encourage the private sector to provide opportunities to women business owners.

I think projects such as the National Association of Bank Women projects are absolutely on the button.

And, very explicitly state the Commission's responsibility, which was included in the review section, of recommending improved data collection procedures with regard to women-owned businesses, including not just sole proprietorships, which are incessantly dealt with in the IRS data, but especially partnerships and corporations.

I would like to expand on this point a little bit, supplementing some of the points in Marybeth Bernhardt's testimony, dealing with the paucity of data concerning what is the fastest growing segment of the entrepreneurial community.

Women are going into entrepreneurship at a rate five times faster than men, and there are now an estimated three million women business owners in the country.

But, the most recent report on the State of Small Business, released on March 19, 1984, draws on essentially the same stale and pitifully inadequate statistics we have had in the last several years concerning the number and gross annual receipts of women-owned firms. Bureau of Census data derives from 1977, supplemented by more recent IRS data on sole proprietorships.

According to the report, the average net income for female-owned sole proprietorships was $2,200 in 1980, while for male-owned firms it was $7,139. I really feel that if I read those tired figures one more time in one more report, I may have to be institutionalized permanently.

SBA speculates that the discrepancy in net earnings is because women are starting new businesses, which traditionally do not earn much in the early years; are mostly in personal services and retail, where revenues are smaller than in other fields such as manufacturing and finance; and lack education in engineering, physical science and business, the necessities in an increasingly computer-dominated world.

What we are unable to derive from the data available is what is happening to women who own partnerships and corporations, where gross annual receipts are presumably appreciably higher than in sole proprietorships.

Obtaining these data seems imperative if Congress and the executive branch are to shape intelligent national policies concerning the fastest growing segment of the entrepreneurial community.

Until such data are developed, we have to rely on anecdotal information, and on such things as magazine articles about members of NAWBO, members of the Committee of Two Hundred—which is an affiliate group started by NAWBO several years ago consisting of women owning firms grossing more than $5 million a year—and the recent "Savvy 60" listing of the 60 largest female-owned firms in the country. I have included the list of "Savvy 60" as an appendix to my testimony, mostly so that you would know that there are a few women-owned firms in the United States that are not small businesses. What we do not know in terms of this group is how many of them were inherited firms, how many of them may have been family-owned to begin with. There is terribly, terribly little meaningful data along those lines.

While speaking of the need for data and statistics to accurately measure entrepreneurial and economic statistics, I would be remiss not to mention the need for a fundamental and accelerated updating of the Standard Industrial Classifications, known as SIC codes. These codes, which have not been revised since 1967, are if anything even more woefully out of date than the statistics on female entrepreneurs. Given our country's rapid transformation from one based on manufacturing, especially smokestack type manufacturing, to one based primarily on information and services—often professional and technical services which have a synergistic relationship with emerging high technologies—it is important that we have data which track where economic and entrepreneurial growth is, and will be, taking place. This is of particular concern to growth-oriented women business owners who want to develop market niches with real growth potential.

In addition to the need for more current and meaningful statistics on women-owned firms, including partnerships and corporations, successfully fostering the growth of women's business enterprise requires management and technical assistance to overcome limited education in business and entrepreneurship in such skill areas as finance, marketing, strategic planning, cash flow management, et cetera, to help women start and grow successful businesses.

Improved access to credit and expansion capital. While the Equal Access to Credit Act of 1974 has had significant impact on women's access to credit, the law provides less stringent regulation of the commercial credit needed by women entrepreneurs. Startup and current operational problems most frequently cited by women entrepreneurs, in addition to lack of business training and financial planning experience, were lack of collateral and difficulties in obtaining lines of credit. Access to capital, including risk capital and venture capital, are imperative if women are to grow larger and more successful businesses.

And, to piggyback on the point that Marybeth Bernhardt made, it also requires the management and technical assistance, so that they know what they're doing when they put something together in those areas.

And, the final area of critical importance is increased procurement opportunities for women business owners, who, despite representing an estimated one-quarter of the small businesses in the country, currently receive less than one half of 1 percent of all Federal prime contracts over $10,000. Mechanisms and incentives must be developed to enable Federal agencies to meet the established goals for women business owners, and to increase their share of Federal prime and subcontracts.

One of the most important ways that national policy influences innovation and entrepreneurship is by means of Government procurement. One industry which clearly owes much of its development to Federal purchasing is the electronics industry. Studies have shown that many new technologies owe their creation and early development to Government contracts. Unfortunately, the process seems almost accidental at times. For example, until Congress enacted the Small Business Innovation Development Act, the critical area of Federal research and development contracts was left to established firms primarily. Many innovative smaller firms were largely ignored. Government has not shown itself able to relate consistently or effectively to new entrepreneurs or new technologies in the procurement process.

Procurement officials need to be upgraded and need to operate more like venture capitalists, in my opinion. They need to search out the effective performer with growth plans and future potential, not just the established firm. Procurement programs should not be designed to encourage permanent dependency on the Government, though maintaining access and using specific private sources of expertise over a sustained period of time will always be important.

Specific techniques and incentives should be explored and developed to encourage midsized and larger contractors to foster startups and entrepreneurial smaller companies, especially minority and women-owned, through assistance as managers, trainers, customers, suppliers and sources of capital.

In this area, NAWBO is working with a task force in the business mainstream to develop a pilot program to increase prime contracting, subcontracting, teaming and procurement pooling opportunities for women-owned businesses, emphasizing an incentive-based approach. We expect to have a final report and set of recommendations within the next several months, which we will make immediately available to the committee. Creative leverage of Federal procurements to strengthen women-owned firms with growth potential can pay enormous dividends in job creation, innovation and expansion of the tax base.

In closing, Mr. Chairman and members of the committee, I would like to thank you very much for this opportunity to testify today.

[Ms. Littlejohn's prepared statement with attachment follows:]

PREPARED STATEMENT OF VIRGINIA LITTLEJOHN, PRESIDENT, CAPITAL AREA CHAPTER, NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS

Good morning, Mr. Chairman, members of the Committee, and friends. It's a pleasure to be here today. My name is Virginia Littlejohn, President of Littlejohn Johnson, Inc., a Washington D.C. firm providing association management and computer software development for microcomputers. I serve as President of the Capital Area Chapter of the National Association of Women Business Owners, known as NAWBO, and the National Foundation for Women Business Owners, Inc. In addition, I serve as NAWBO's National Public Affairs Chair, and as Vice Chairman of the Women Business Owners Political Action Committee.

My remarks today will focus primarily on the National Commission on Women's Business Ownership, though I will also discuss several other points concerning female entrepreneurship.

NAWBO's Action Plan of last year, released on April 28, 1983, called for the creation of a bipartisan women's business ownership commission, jointly appointed by the President and Congress, to review both Federal and private-sector initiatives concerning women business owners.

Congressman Jim Moody's bill, H.R. 3832, was a direct outgrowth of this Plan, and enjoys NAWBO's wholehearted support.

We were, of course, extremely pleased with President Reagan's announcement, in late May 1983, of the reactivation of the Interagency Committee on Women's Business Enterprise, designed to focus on federal initiatives concerning women entrepreneurs, and of his creation of a new President's Advisory Committee on Women's Business Ownership, to focus on the private sector.

Despite the work currently being done by these two bodies, NAWBO continues to support the creation of a bipartisan commission, appointed both by Congress and the President.

We believe that this will take the issue of women's business enterprise outside the narrowly partisan political arena—as indeed happened during the final year of the Carter Administration—to the program's detriment on the Hill, and with the Reagan Administration during its first two and a half years. In addition, we believe that there is a distinct benefit in having one body review and make recommendations concerning both the Federal and private sectors.

NAWBO would like to formally commend and thank Congressman Jim Moody, Congresswoman Lindy Boggs and their staffs for their leadership roles on behalf of this bill and this increasingly important entrepreneurial constituency, and to you, Chairman Mitchell, for holding this hearing.

As to duties of the Commission, NAWBO supports all the review components included under Section 3.(a): review the status, and progress made since the White House Conference on Small Business; review the Federal role in aid to, and promotion of, women business owners; and review data collection and procurement.

Based on this review component, in addition to the recommendations included under Sec. 3.(b), NAWBO would add the following changes (*underlined*):

(1) recommend new private-sector *and Federal* initiatives regarding management and technical assistance to women business owners;

(2) recommend ways to create greater access to credit *and capital* for women in business, *including venture capital*;

(3) recommend ways to increase procurement opportunities for women business owners, *both at the prime and subcontracting levels;*

(4) *recommend ways for the Federal government to provide incentives in the procurement process and otherwise to encourage the private sector to provide opportunities to women business owners;* and explicitly state the Commission's responsibility to

(5) *recommend improved data collection procedures with regard to women-owned businesses, including sole proprietorships, partnerships and corporations.*

I would like to expand on several points, including, first and foremost, the paucity of data concerning the fastest growing segment of the entrepreneurial community.

As you know, women are going into entrepreneurship at a rate of five times faster than are men, and there are now an estimated three million women business owners in the country.

But the most recent report on *The State of Small Business*, released March 19, 1984, draws on essentially the same stale and pitifully inadequate statistics we have had in the last several years concerning the number and gross annual receipts of women-owned firms. Bureau of Census data derives from 1977, supplemented by more recent IRS data on sole proprietorships.

According to the report, the average net income for female-owned sole proprietorships was $2,200 in 1980, while for male-owned firms it was $7,139.

SBA speculates that this discrepancy in net earnings is because women are starting new businesses, which traditionally do not earn much in the early years; are mostly in personal services and retail, where revenues are smaller than in other fields such as manufacturing and finance; and lack education in engineering, physical sciences, and business—necessities in an increasingly computer-dominated world.

What we are unable to derive from the data available is what is happening to women who own partnerships and corporations, where gross annual receipts are presumably appreciably higher than in sole proprietorships.

Obtaining these data seems imperative if Congress and the executive branch are to shape intelligent national policies concerning the fastest growing segment of the entrepreneurial community.

Until such data are developed, we have to rely on anecdotal information, and on such things as magazine articles about members of NAWBO, members of the Committee of 200—an affiliate group started by NAWBO several years ago consisting of women owning firms grossing more than $5 million a year—and the recent "Savvy 60" listing of the 60 largest female-owned firms in the country. (See Table 1 showing the revenues and number of employees of the top 60 women-owned corporations in the United States.)

TABLE I

Company name	Revenue (millions)	Number of employees	Company description
Fashion/cosmetics:			
Estée Lauder,[1] New York, NY	$1,000.0	10,000	Skin care products, cosmetics, fragrances.
Mary Kay Cosmetics, Inc.,[2] Dallas, TX	304.0	[3] 201,400	Cosmetics.
Jockey International, Inc.,[1] Kenosha, WI	[4] 250.0	2,900	Women's and men's intimate apparel.
Christian Dior New York,[1] New York, NY	215.0	[5] 15	Women's and men's clothing, fragrances.
Diane Von Furstenberg, Inc.,[1] New York, NY.	[4] 200.0	[5] 30	Women's clothing, fragrances, furniture, home furnishings.
Liz Claiborne Inc.[2] New York, NY	166.0	915	Women's sportswear.
Maidenform, Inc.[1] New York, NY	100.0	4,000	Women's intimate apparel, sleepwear.
Redken Laboratories, Inc.,[2] Canoga Park, CA.	86.0	850	Hair conditioners, shampoos, cosmetics.
Joan & David Helpern, Inc.,[1] New York, NY.	50.0	1,500	Footwear, ready-to-wear.
Judy's Inc.,[2] Van Nuys, CA	39.6	1,200	Women's and men's retail clothing.
Henri Bendel, Inc.,[1] New York, NY	30.0	250	Retail clothing.
St. Gillian,[1] New York, NY	30.0	90	Women's clothing.
Flexatard,[1] Body Design By Gilda,[1] Los Angeles, CA.	26.8	250	Exercise clothing; aerobic-exercise centers.
Ford Models, Inc.,[1] New York, NY	23.0	40	Modeling agency.
Belle France, Inc.,[1] New York, NY	20.0	50	Clothing.
Adrien Arpel,[2] New York, NY	18.0	1,500	Cosmetics, skin care products.
Georgette Klinger, Inc.,[1] New York, NY	13.5	250	Cosmetics.
Echo Scarfs,[1] New York, NY	12.0	50	Scarfs, belts.
Flah's Inc.,[2] Latham, NY	11.0	320	Women's and men's retail clothing.
Cosmetics Specialty Labs, Inc.,[1] Lawton, OK.	8.0	210	Cosmetics and hair care products.
Ruth Scharf, Ltd.,[1] New York, NY	8.0	40	Children's clothing.
Aida Grey Cosmetics, Inc.,[1] Beverly Hills, CA.	7.0	71	Cosmetics, beauty salons.
Media/Advertising:			
The Washington Post,[2] Washington, DC	801.0	5,000	The Washington Post, Newsweek, Everett Herald (Wash.); owns four TV stations.
Wells, Rich, Greene, Inc.[1] New York, NY	[4]527.0	700	Advertising agency.
Copley Press, Inc.,[1] La Jolla, CA	[4] 210.0	4,000	10 daily and 24 weekly newspapers.
Tatham-Laird & Kudner,[1] Chicago, IL	133.0	350	Advertising agency.
Cadwell Davis Partners, Inc.,[1] New York, NY.	66.0	72	Do.
Crain Communications, Inc.[1] Chicago, IL	60.0	600	Trade publications (including Advertising Age, Investment Age).
Proctor & Gardner,[1] Chicago, IL	20.0	27	Advertising agency.
Color Lithographers, Inc.,[1] New York, NY	8.0	100	Lithographers.
Tobe Associates,[1] New York, NY	5.0	30	Fashion-industry newsletter, videotapes.
Construction/Building materials:			
North Pacific Construction,[1] Yakima, WA	[2]125.0	N/A	Construction.
Copeland Lumber Yards,[1] Portland, OR	73.0	600	Retail building materials, lumber, hardware.
Rounds & Porter Lumber,[1] Wichita, KS	[4] 70.0	300	Lumber, quarter horses, cattle.
Central Pipe & Supply,[1] Houston, TX	[4] 53.9	30	Tubular goods.
Signal Development, Inc.,[1] Washington, DC.	39.0	5	Construction.
Retail/Wholesale merchandise:			
Home Interiors & Gifts, Inc.,[1] Dallas, TX	400.0	[3] 40,000	Home furnishings.
Sunshine-Jr. Stores, Inc.,[2] Panama City, FL.	172.0	1,800	Supermarkets and convenience stores.
Ponca Wholesale Mercantile, Inc.,[1] Amarillo, TX.	145.0	550	Tobacco products, fountain and school supplies.
Lillian Vernon Corp.,[1] Mount Vernon, NY	65.0	1,000	Mail order merchandise.
Spag's Supply, Inc.,[1] Shrewsbury, MA	62.0	400	Department stores, retail sporting goods, home furnishings, paint, glass.

TABLE I—Continued

Company name	Revenue (millions)	Number of employees	Company description
Determined Productions,[1] San Francisco, CA.	50.0	150	Snoopy merchandise.
Gear, Inc.,[1] New York, NY	[4] 30.0	42	Home furnishings, luggage, kitchen gear.
Discovery Toys,[1] Pleasant Hill, CA	11.0	175	Educational toys, books.
Kerr-Hays Company,[1] Pittsburgh, PA	5.0	50–100	Housewares, gifts, accessories.
Services:			
Hamburger Hamlets, Inc.,[2] Beverly Hills, CA.	31.0	1,000	Restaurants.
Bach Realty, Inc.,[1] New York, NY	27.0	25	Commercial real estate.
Diet Center, Inc.,[1] Rexburg, ID	26.0	240	Weight control centers; vitamin/diet supplements.
Creative Environs of Lynn Wilson, Inc.,[1] Coral Gables, FL.	19.7	28	Architectural and design firm.
Fifth Season Travel, Inc.,[1] Indianapolis, IN.	10.8	50	Travel services.
Irene Cohen Personnel Services,[1] New York, NY.	6.0	70	Temporary personnel agency.
Jet Airways, Inc.,[1] Los Angeles, CA	5.0	40	Executive jet charter and aircraft management service.
Computers:			
ASK Computer Systems, Inc.,[2] Los Altos, CA.	39.0	300	Turnkey computer systems.
Vector Graphics, Inc.,[2] Thousand Oaks, CA.	33.6	250	Microcomputers.
Micro D, Inc.,[2] Fountain Valley, CA	[6] 33.0	184	Computer products.
Oil/Manufacturers:			
Hudson Oil Co.,[1] Westwood, KS	334.0	600	Service stations, petroleum refinery.
National Industries, Inc.,[1] Montgomery, AL.	80.0	1,500	Wiring assemblies and mircoprocess circuitry.
Zollner Corp.,[1] Fort Wayne, IN	75.0	1,600	Aluminum pistons and bearings.
Michigan Rivet Corp.,[2] Warren, MI	16.0	168	Fasteners.
Panhandle Producing Co.,[1] San Antonio, TX.	9.0	60–75	Oil and natural gas.

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[1] Privately held company.
[2] Publicly held company.
[3] Figures include part-time independent saleswomen.
[4] Industry estimate, not given by company.
[5] Figures do not include employees of other companies who sell its licensed products.
[6] Figures for 6-mo. period ending Apr. 30, 1983.
[7] Denotes husband-wife partnership.

While speaking of the need for data and statistics to accurately measure entrepreneurial and economic statistics, I would be remiss not to mention the need for a fundamental and accelerated updating of the Standard Industrial Classifications (SIC codes). These codes, which have not been revised since 1967, are if anything even more woefully out of date than the statistics on female entrepreneurs. And given our country's rapid transformation from one based on manufacturing to one primarily based on information and services—often professional and technical services which have a synergistic relationship with emerging high technologies—it is imperative that we have data which track where economic and entrepreneurial growth is, and will be, taking place. This is of particular concern to growth-oriented women business owners, such as NAWBO members, who want to develop market niches with real growth potential.

In addition to the need for more current and meaningful statistics on women-owned businesses—including partnerships and corporations—successfully fostering the growth of women's business enterprise requires:

Management and technical assistance to overcome limited education in business and entrepreneurship in such skill areas as finance, marketing, strategic planning, cash flow management, etc., to help women start and grow successful businesses.

Improved access to credit and expansion capital. While the Equal Access to Credit Act of 1974 has had significant impact on women's access to credit, the law provides less stringent regulation of the commercial credit needed by women entrepreneurs. Startup and current operation problems most frequently cited by women entrepreneurs in a 1983 study referenced in the Journal of Small Business Management—in addition to lack of business training and financial planning experience—were lack of collateral and difficulties in obtaining lines of credit. Access to capital, including risk capital and venture capital, are imperative if women are to grow larger and more successful businesses.

And, of critical importance, increased procurement opportunities for women business owners, who, despite representing an estimated one-quarter of the small businesses in the country, currently receive less than half of one percent of all Federal prime contracts over $10,000. Mechanisms and incentives must be developed to enable Federal agencies to meet the established goals for women-owned businesses, and to increase their share of Federal prime and subcontracts.

One of the most important ways that national policy influences innovation and entrepreneurship is by means of government procurement. One industry which clearly owes much of its development to Federal purchasing is the electronics industry. Studies have shown that many new technologies owe their creation and early development to government contracts. Unfortunately, the process is almost accidental. (For example, until Congress enacted the Small Business Innovation Development Act, the critical area of Federal research and development contracts was left to established firms in the main. Many innovative smaller firms were largely ignored.) Government has not shown itself able to relate consistently or effectively to new entrepreneurs or new technologies.

Procurement officials need to be upgraded and need to operate more like venture capitalists. They need to search out the effective performer with growth plans and future potential, not just the established firm. Procurement programs should not be designed to encourage permanent dependency on the government, though maintaining access and using specific private sources of expertise over a sustained period of time will always be important to the government.

Specific techniques and incentives should be explored and developed to encourage midsized and larger contractors to foster start-ups and entrepreneurial smaller companies, especially minority and women-owned, through assistance as managers, trainers, customers, suppliers and sources of capital.

In this area, NAWBO is working with a task force in the business mainstream to develop a pilot program to increase prime contracting, subcontracting, teaming and procurement pooling opportunities for women-owned businesses, emphasizing an incentive-based approach. We expect to have a final report and set of recommendations within the next several months, which we will make immediately available to the Committee.

Creative leveraging of Federal procurements to strengthen women-owned firms with growth potential can pay enormous dividends in job creation, innovation and expansion of the tax base.

In closing, Mr. Chairman, I would like to thank you and members of this Committee for this opportunity to testify.

Mr. HAYES [acting chairman]. Thank you very much for your testimony.

I would like your indulgence to have the panel just relax for a few moments. I see that Congresswoman Boggs has arrived. I'd like, in accommodation to her, to get her testimony, and then we'll recall you for questioning.

Congresswoman Boggs.

TESTIMONY OF HON. LINDY BOGGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Ms. BOGGS. Thank you, Mr. Chairman and members of the committee for accommodating me in such a sweet way. I do have to get back to a HUD hearing, and am very pleased that you're allowing me to testify at this time. I'm delighted to come before you to endorse H.R. 3832, establishing a National Commission on Women's Business Ownership, and to urge your favorable consideration of it.

This bill, which I have been proud to cosponsor with Jim Moody and others, would establish a 9-person commission to review the status of women business owners nationwide; review the role of the Federal Government in aiding and promoting women business owners; review data collection procedures and recommend improvements in them; and recommend ways in which women entrepreneurs can advance through greater access to credit, additional procurement opportunities, and more receptive private-sector outlets.

Now, the Commission members would be appointed by the Speaker of the House, the majority leader of the Senate, and the President, thus ensuring an integrated approach to encouraging entrepreneurship among women.

And, I'm very pleased that President Reagan has recently reactivated some mechanisms designed to encourage women's business ownership and has established an Advisory Commission on Women's Business Ownership.

The National Commission created by H.R. 3832 would appropriately complement the President's useful efforts. It's important that the legislative branch have a reliable source of information and representation, coordinated with the executive branch, on the promising nature of women's business enterprise.

Mr. Chairman, in order to assess why a thorough review of the current situation is necessary, we should briefly review the history of Federal promotion of women-owned businesses. I would like to insert into the record my prepared remarks. But, I'd like to divert just a little minute from them, so that I can tell you of the involvement that I have been privileged to enjoy with this situation, and why I feel it's necessary to have a continuing congressional presence in the area.

Early in my congressional career, in 1974, the National Association of Bank Women, who had organized throughout the country, and a group of business women—business owners in Virginia, Maryland, and the District of Columbia—came to see me, because I was on the Banking and Currency Committee at the time. They told me of their efforts to get the Commerce Department and the Census Bureau to come forward with a study and some data on women's business ownership, and women who were engaged in business enterprises.

They were very frustrated at the slowness of the Federal response. In the three areas of Metropolitan Washington, they had compiled their own list, and had done it with alacrity and with very good results.

They were still urging some type of a legislation that would recognize the problems of entrepreneurship and management and ownership of women in business. Finally, this committee held some hearings, in 1977, and other commensurate committees held them in the other body. We were fortunate that, by this time, Mrs. Kreps was the Secretary of Commerce.

I talked with her very seriously about the women who had expressed to me their concerns and their plans and their aspirations, but also about having hosted one of the big, "How to do Business With Your Government" procurement seminars and workshops that the Department of Commerce puts out from time to time, which the individual Members of Congress can sponsor in their home districts. I said, that I had had a group of women come to me following this day-long workshop, where there were really in-depth opportunities to find out how to do business with your government, and how to do export business. The women told me that there was no input at all into any of the sessions that told a woman how she could get into business, stay in business, improve her possibilities and, indeed, be able to do some procurement work with her government.

Mrs. Kreps took up that cry. And, in her testimony before this committee, she was able to say that she had persuaded the President that an interagency task force on women's business ownership and women-owned businesses should be created within the Federal Government, and that the Commerce Department should be the lead agency.

The consequence of these efforts was the President's Executive order of 1979. The President had taken the task force report, "The Bottom Line: Unequal Enterprise in America," that detailed recommendations for helping women to overcome barriers in legislation, regulations, capital formation, credit, Federal loans and grants, and Federal procurement and acted upon it.

The President's interest in this was translated into several definitive and useful steps designed to spur the development of this potentially dynamic sector of our economy. President Carter created the Interagency Committee on Women's Business Enterprise to implement these recommendations. This committee worked with Federal agencies to improve Government services to women business owners through expanded Federal procurement from women business owners, more complete data collection, better outreach, new publications, specially designed management assistance, and more loan opportunities.

A pivotal move was made in May of 1979, when President Carter issued Executive Order 12138, calling for a national women's business enterprise policy. The program included among its various features specialized training and a miniloan program to help women overcome problems with access to capital.

Finally, in March 1980, the Office of Women's Business Enterprise was established within the Small Business Administration to oversee the implementation of the Executive order, and to coordinate all aspects of the program with the Interagency Committee.

Now, all of these activities were watched closely and encouraged by the Congresswomen's Caucus, now known, of course, as the Congressional Caucus for Women's Issues. My colleague, Pat Schroeder, and my former colleague, Peggy Heckler, now the Secretary of the Department of Health and Human Services, were particularly helpful in keeping the program alive. All three of us testified at an oversight hearing conducted by the House Small Business Committee in 1980 on progress that had been made by women business owners as a result of the Federal initiatives.

Efforts to promote women business owners unfortunately lost steam in the early stages of the current administration. And, that's why I think it's so important to have a complementary commission at the congressional level with the one at the executive level.

The Small Business Administration did not focus as much on the special needs and potential of women entrepreneurs, preferring instead a "mainstreaming" approach. Many of us who had been strong supporters of the previous administration's efforts became concerned that the new approach did not sufficiently recognize the particular difficulties encountered by would-be small businesswomen.

The diminished attention paid to these women became evident in various ways. I would like to share just one story that came to my attention several years ago.

The Louisiana Legislature passed legislation during this period establishing a new Office of Women's Business Ownership. Its director, Patsy Strider, made repeated attempts to "network" with SBA. She wrote to the Small Business Administration to introduce herself, request information, and offer to share progress reports on Louisiana's efforts to boost women in business. After she did not receive a reply to her inquiries, she called me in Washington to ask whether the Small Business Administration had moved and left no forwarding address. She honestly could not imagine that, if her letters had been received, that a State director of women's business programs would not be serviced.

Needless to say, I was shocked and disappointed that her repeated inquiries went unheard. And, I pursued the matter in her behalf, and obtained from SBA a packet of information.

I'm sorry to have to report that this was the way in which she was introduced to SBA's advocacy for women entrepreneurs.

But, it's encouraging that, under the directorship of Carolyn Gray, the SBA Office of Women's Business Ownership is reaching out now through nationwide conferences and through reactivation of the interagency committee.

Clearly, Mr. Chairman, Federal encouragement of women-owned businesses has been successful. The number of sole proprietorships held by women jumped 33.4 percent between 1977 and 1980, and has been growing from 1.9 to 2.5 million. More current information will be available soon from the Census Bureau which included a special survey of women-owned businesses in its 1982 economic survey.

Since small business has always been a vital force in our economy, and since women-owned businesses are the fastest growing segment of the small business community, it certainly makes sense to boost women entrepreneurs.

A National Commission on Women's Business Ownership will help to determine who these present and would-be women entrepreneurs are, what their common problems are, and how we can help to stimulate their success.

The time is right for such action. Establishment of a National Commission on Women's Business Ownership by congressional enactment of H.R. 3832 would constitute a major contribution to ensuring that women entrepreneurs will be flourishing participants in our economy, in partnership with the executive branch.

Mr. Chairman, I urge you and the committee to favorably report H.R. 3832 so that the significant progress made by women in business can continue.

[Ms. Boggs' prepared statement follows:]

PREPARED STATEMENT OF HON. LINDY BOGGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. Chairman, I am delighted to come before you to endorse H.R. 3832, establishing a National Commission on Women's Business Ownership, and to urge your favorable consideration of it.

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The Commission members would be appointed by the Speaker of the House, the Majority Leader of the Senate, and the President—thus ensuring an integrated approach to encouraging entrepreneurship among women.

I am delighted that President Reagan has recently reactivated some mechanisms designed to encourage women's business ownership and has established an Advisory Commission on Women's Business Ownership.

The National Commission created by H.R. 3832 would appropriately complement the President's useful efforts. It is important that the Legislative Branch have a reliable source of information and representation, coordinated with the Executive Branch, on the promising of women's business enterprise.

In order to assess why a thorough review of the current situation is necessary, we should briefly review the history of federal promotion of women-owned businesses. I am proud to have played a role in this history.

Pressure for Small Business Committee hearings into the needs of women-business owners began in the mid-1970's, when the National Association of Women Business Owners and the National Association of Bank Women, among others, requested them.

A series of hearings was conducted in both the House and the Senate in 1977. The hearings fully documented the difficulties faced by women entrepreneurs, who at the time owned only 5% of all American businesses. In that year, also, the Census Bureau released a special survey of women-owned businesses.

In August of 1977, President Carter created an Interagency Task Force on Women Business Owners to focus on problems of common concern and to determine what the federal government could or should do to help. The Task Force's report, The Bottom Line: Unequal Enterprise in America, detailed recommendations for helping women to overcome barriers in legislation, regulations, capital formation, credit, federal loans and grants, and federal procurement.

The report led to several definitive and useful steps designed to spur the development of this potentially dynamic sector of our economy. President Carter created the Interagency Committee on Women's Business Enterprise to implement those recommendations. This Committee worked with federal agencies to improve government services to women business owners through expanded federal procurement from women business owners, more complete data collection, better outreach, new publications, specially-designated management assistance, and more loan opportunities.

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Efforts to promote women business owners unfortunately lost steam in the early stages of the current Administration. The Small Business Administration did not focus as much on the special needs and potential of women entrepreneurs, preferring instead a "mainstreaming" approach. Many of us who had been strong supporters of the previous Administration's efforts became concerned that the new approach did not sufficiently recognize the particular difficulties encountered by would-be small businesses.

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The time is right for such action. Establishment of a National Commission on Women's Business Ownership by Congressional enactment of H.R. 3832 would constitute a major contribution to ensuring that women entrepreneurs will be flourishing participants in our economy, in partnership with the Executive Branch.

Mr. Chairman, I urge you and the Committee to favorably report H.R. 3832 so that the significant progress made by women in business can continue.

Mr. HAYES. Thank you, Ms. Boggs. I recognize your time constraints, but I hope that time will permit a couple of questions from my committee here.

Ms. BOGGS. Certainly, Mr. Chairman.

Mr. HAYES. It might enlighten us, at least on some phases of the bill.

There's been some indication, for example, that the administration may oppose this bill by saying it's not needed. How would you respond to that criticism?

Ms. BOGGS. Mr. Chairman, I think it is very definitely needed, for the history that I diverted to give you points out that there can be interest activated in the programs of women's business ownership when the current administration is favorable to it. There can be a time lag and difficulty in communication when the executive branch loses an interest in it.

Only through the executive branch can we really carry out the programs and encourage the various areas that need to be encouraged. But, we need the legislative branch prodding to make certain that that continues, and it continues at a regular pace, without the ups and downs of the interest of the various executive branch administrations.

Mr. HAYES. I note in your prepared testimony you mentioned the fact that the efforts of small business owners lost steam in the early stages of the Reagan administration. You refer to the preference of this administration to resort to so-called mainstreaming of approach, which has led, to some extent, to the omission of minorities. Which brings me around to the question, do you think the bill should be amended to require the Commission to review the special problems of minority women business owners?

Ms. BOGGS. I think that that would be a very fine addition. It was assumed, in our offering of the legislation, I'm sure, by Mr. Moody and by me and the others who are the original cosponsors. But, if it needs to be specifically defined, I think that it would be very helpful.

Mr. HAYES. My colleague, Mr. Boehlert.

Mr. BOEHLERT. Thank you. I'd like to thank the gentlelady for an excellent statement. I'm particularly pleased to see a conscious effort, it seems to me, to diffuse the partisanship that might be evident in an issue like this. I'll be the first to agree that this administration got off to a slow start. But I'm glad to see you give recognition in your statement to the SBA's Office of Women's Business Ownership. They're finally getting moving. We all know that the President has appointed the Advisory Commission on Women's Business Ownership.

I will be supportive of this. As you know, I have worked with you, and I'm pleased to say that, on a number of issues of extreme importance to women.

But I just would, for the record, like to point out that this is not a partisan issue. I hope we don't deviate in any way, shape or manner along that direction. I want to commend you for the way you've presented the statement. Thank you.

Ms. BOGGS. Will the gentleman yield?

Mr. BOEHLERT. By all means.

Ms. BOGGS. I certainly didn't mean it in a partisan way.

Mr. BOEHLERT. No, no. I'm commending you because you were very fine and balanced with your statement.

Ms. BOGGS. You know, in the beginning of the great interest in women in business ownership by the previous administration, there were these regional meetings, six, I think, around the country. They were held with GSA and SBA, and the various departments and agencies of the Government that had procurement practices that could be amended to be very helpful to women's rising enterprises. They were always held in conjunction with a local college or day college.

They attracted a great deal of interest, and had about 10,000 people who graduated from those experiences and went out and used the information to be able to improve their own businesses, to improve their own efforts as managers or owners, and to be able to train young women and, perhaps, older women just entering or reentering the job market, because of changed circumstances, to participate in women-owned businesses.

So, that's why I was particularly pleased that Carolyn Gray has reactivated this type of outreach and excellent help to people who not only are the owners, but the people who are the investors and the people who are the workers, becoming the managers and the entrepreneurs themselves.

Mr. BOEHLERT. But for the record, Mr. Chairman, I would want to emphasize that I am commending the gentlelady for her fine statement. It's a balanced statement. I guess, perhaps, I'm still irked by that infamous Mary McGrory column, when the session of this Congress first opened and the Speaker announced to the assemblage and to the American people that House joint resolution for the equal rights amendment would be the top priority.

Her infamous column, which appeared in the Washington Post the day following, said all the applause stopped at the center aisle, implying directly that it was a partisan issue. As someone who is proudly a cosponsor of that legislation and who is as deeply committed as the gentlelady is to doing something that will bring progress in the area of women's right and equality and opportunity, I resented that. So I never miss the opportunity to point out that Republicans are concerned, too. Thank you.

Ms. BOGGS. Thank you very much. And, especially, the gentleman who has just spoken. Thank you, Mr. Chairman.

Mr. HAYES. Mr. Moody.

Mr. MOODY. Just a brief statement to, again, thank the gentlelady from Louisiana for her excellent support and partnership in developing this legislation, and to let her know that before she came, a number of the Republican members of this committee did speak strongly, in their opening statements, in favor. So, we do have bipartisan support in the Congress, I believe. Thank you.

Ms. BOGGS. Thank you, Jim. And, thank you for your leadership.

Mr. HAYES. Just one final question. We have to admit that our data base on women-owned business is extremely inadequate. For this purpose only, would you agree that we should be collecting data on all women-owned businesses, regardless to size?

Ms. BOGGS. That may be a very interesting study. I'm sure that all of us who would be interested in promoting the career opportunities for women would be especially interested in finding where the women-owned businesses are of varying sizes, and particularly, those that may offer career opportunities in large numbers.

Mr. HAYES. Are there any other questions to Congresswoman Boggs? If not, we thank you for your testimony.

Ms. BOGGS. Thank you so much for having me.

Mr. HAYES. It's been very helpful.

Ms. BOGGS. And, I thank the other witnesses for allowing me to come in on their time.

Mr. HAYES. I'd like to recall the first panel.

Just so we can set the record straight as to your respective positions on H.R. 3832. As I understood by your testimony, Ms. Alford, you think that, the Commission is not necessary. Did I understand it correctly?

Ms. ALFORD. That is correct. There has been enough information collected. I brought two of the reports today, and we have about eight others in our files, of similar, commissions and boards that were previously established. And, those recommendations, as we see it, have not been implemented. And, see little values for a commission to collect similar kinds of information.

Mr. HAYES. As I understood it, you think that the funds would be better spent in implementing some of the data that's already been provided by previous groups, rather than start a new group, as this bill would——

Ms. **Alford**. That is correct. And, be sure, that minority women are included.

Mr. **Hayes**. If we amended the current proposed legislation, H.R. 3832, to include the recommendations of previous groups as it relates to the subject matter at hand, would you then be prepared to support it?

Ms. **Alford**. I would have to consider that, because I'm not exactly sure what you mean when you say included. Do you mean included in terms of persons serving on the Commission, or do you mean the duties and tasks of the Commission.

Mr. **Hayes**. No, I mean the specific recommendations that came from some of the groups that you mentioned that had done studies and previously had made recommendations.

Ms. **Alford**. We would consider it, yes.

Mr. **Hayes**. Yes, you would have to consider it, you said?

Ms. **Alford**. Yes.

Mr. **Hayes**. As I understand Ms. Bernhardt, you think that H.R. 3832 is a necessary piece of legislation, you are supportive of it. Is that right?

Ms. **Bernhardt**. That's correct.

Mr. **Hayes**. Ms. Littlejohn.

Ms. **Littlejohn**. We strongly support it. And, for the reasons that I stated, that it would guarantee the bipartisanship both in the review, and recommendation components, and that there is executive and legislative branch representation. It would be our strong interest, very frankly, to have a member of the House Small Business Committee and a member of the Senate Small Business Committee on the Commission.

The potential for implementation of recommendations, I think, is considerably enhanced by that. While I do think that it's important that there be a number of women business owners and their headset represented on it, I think it would also be important to have representation of the male business community, of people who can very aggressively leverage the male business community in the implementation stage and the selling stage. And, I think that it's a real step up from where we've been. I don't think that the review process would necessitate reinventing the wheel. I think, as has been pointed out by my fellow witness, that there is a great deal of information that can be drawn from in the review process. And, I would prefer the mental thinking to go more into the recommendations and plans for implementation.

Mr. **Hayes**. Could you describe your constituency? Do you represent exclusively small business, or primarily?

Ms. **Littlejohn**. Well, I would say about 99.99 percent small business that would fall under the SBA size standards. But, very frankly, we would like to have some who, at some point, will be midsized businesses or Fortune 500. That's some years down the line. There's, right now, one female-owned Fortune 500 company, that's the Washington Post, owned by Katharine Graham.

But, a good deal of our emphasis is on growing companies, from what I, very frankly, would classify more as microsize companies right now, to bona fide small and, ultimately, midsized and larger.

We have representation in 22 chapters around the country. We also have a number of people who are not affiliated with chapters, who are in cities or rural areas where we don't have chapters. We are in the process, right now, of doing research on our own membership, in terms of gross annual receipts. I'll be very happy to share that information with the committee when we do have it fully run through our computer system.

We do have some sole proprietorships in our memberships. But, I would say that a number of our members have partnerships or corporations. Since we can't get any data out of the President's Report on the State of Small Business, because the census data is marginal, I couldn't tell you right now what estimated number of employees would be. But, I would guess we probably have a number with two to five employees. We do have some that are larger corporations, that might have 25, 50, conceivably up to 100 or more employees.

Mr. HAYES. Just one more question. Do you have any data that would indicate the percentage of your membership that might be black or other minorities?

Ms. LITTLEJOHN. My guess is that our minority membership is probably around 7 to 10 percent. A lot of our national leadership is minority. Our current national president is black. Last year, I guess, probably about 18, 20 percent of our national leadership, chapter presidents and so forth, were minority.

And, this year, I guess, of our executive committee, it's 20 percent minority. Our past national president was Hispanic also, our immediate past.

Mr. HAYES. Mr. Roth?

Mr. ROTH. Thank you, Mr. Chairman. As I read this, the Commission is going to hold hearings and report their findings.

Ms. ALFORD. I'm Brenda Alford.

Mr. ROTH. It had been mentioned before about the Commission. As I see it, we're not only going to be spending about $1.6 million over a 2-year period of time for the Commission to hold hearings and to report their findings. Is that about the sum total of it?

Ms. ALFORD. From my understanding, that is. Our recommendation is that the money could be used in other places, such as to strengthen the Office of Women Business Ownership in the Small Business Administration, and to strengthen it so that it addresses the needs of minority women. And, that would be one of our recommendations.

Mr. ROTH. I'm generally in favor with the tenor of this bill, however, because I think that my colleague from Wisconsin is trying to address a problem that we have. And, I compliment him and the other people who are promoting this legislation, for their initiative. I don't know if it's going to resolve the problem, or if it won't resolve the problem.

As I interpret this bill, maybe I'm misinterpreting the legislation, that's why I'm raising the question, as to what it's going to be doing. Because, much of what we're asking the Commission to do, the Small Business Committee in the House should be doing.

Ms. ALFORD. I would say that most of the information described in the data collection duties of the Commission is already available, either through this committee or through some other aspect of

Government. The information, basically, seems to be available. And, reports listed at the beginning of my testimony outline most of the problems and situations that exist for business owners. And, we see little different between this proposed Commission than previous ones, but would be very willing to understand the difference.

Mr. ROTH. Maybe one of the other panelists could address herself to that.

Mr. HAYES. I'm sure my colleague, Mr. Moody, will address himself to this question at this time. Mr. Moody.

Mr. MOODY. Thank you, Mr. Chairman. I think my response would be—and, I think there's a genuine concern on my colleague's part, from Wisconsin—that we not duplicate, in fact, that they build on the studies that have been carried out in the past. And, some of them are quite dated now. And, no one pretends that there is any up-to-date information. The census data from 1977 is the latest we have in many of the categories that we need. Some of these studies go back quite a ways.

I think the first order of business of this Commission would be to take those studies, review them, and they don't agree, by the way, on all their implementations.

So, we simply can't mindlessly implement those studies, because they're in conflict, some with another. I think, to sift through those, look to see where they're in agreement and where they're not in agreement, to focus down on those areas that are in disagreement to try to resolve those disagreements, to highlight those areas where they are in agreement, rather than revisit all that area, if it is in agreement, and then get new data. Those are the things I think should be the first order of business of the Commission.

That's why I do not think it would be duplicative.

In addition, I would point out that there is active involvement, we would anticipate active involvement of the legislative branch. We would build that in, which is not in any of the previously existing structures that now exist.

So that would look toward implementation, which is exactly where we all would like to go.

But, let me yield the balance of my time to one of the other two favorable witnesses who might want to supplement my comments. Maybe Ms. Littlejohn or the other lady would like to add?

Ms. BERNHARDT. I certainly would not be in a position to make comments on the responsibilities of the Committee on Small Business, but as I understand the bill, as it is recommended, it would be my feeling that if it is effective in fostering an awareness of the need for partnerships between private enterprise and women business owners, to strengthen their knowledge of areas to gain capital and the management and technical assistance that has been mentioned that that would be of great value and that this whole issue is certainly a process and that every person who is aware of it increases the chances of women business owners being successful.

The second part of that would be that it increases the data base availability and our understanding of the accuracy of what really is going on. I think that would be a major contribution as well.

Ms. LITTLEJOHN. I would just have to concur with Ms. Bernhardt, and I think again legislative representation, particularly with representation from the House and Senate Small Business Committees would greatly accelerate the potential of implementation.

Mr. **Hayes**. Mr. Bilirakis?

Mr. **Bilirakis**. I have no questions.

Mr. **Hayes**. No questions.

I just want to raise——

Mr. **Roth**. Mr. Chairman?

I wonder if I could make one comment?

Mr. **Hayes**. Go ahead, sir.

Mr. **Roth**. I think that we want to do whatever we can to foster and promote entrepreneurship.

After all, entrepreneur is the name of the game in our economy, on this locomotive that our free enterprise system moves; and, if we can get more women involved, well that is that much the better because they can bring a great deal of creativity to the process, but what I am somewhat concerned about is we have had five commissions before and nothing has happened.

I certainly hope with this one we can make something happen. Just to have commissions, have more studies, spend more money, while here at the Capitol, we are trying to save money.

Mr. **Hayes**. Are we?

Mr. **Roth**. Thank you, Mr. Chairman.

Mr. **Hayes**. All right.

Just let me ask one final question. In all the testimony presented here as a panel, you suggested some of the difficulties encountered by women, when it comes to getting approval for credit.

Would you agree that in spite of the efforts to require that sex or race not be a consideration in lending practices, that women, particularly minority women, still suffer from this type of stereotyping?

Ms. **Littlejohn**. I do think it is a real problem, and I thought that Ms. Bernhardt's testimony was very, very compelling about, you know, sort of the double-barreled problem that minority women have.

I think it is partly a subtle or not so subtle form of discrimination against women or minority women generally, but I also think the point that Ms. Bernhardt mentioned about the importance of timing in how you do that process is absolutely critical, and I would hope that both of our groups could work very, very closely with NABW to ratchet up considerably our current level of sophistication in this area.

Mr. **Hayes**. Did you suggest, Ms. Bernhardt, that the Commission should investigate this problem?

Ms. **Bernhardt**. No, I don't believe that I did suggest that the Commission should investigate that problem necessarily. What I would like to see the Commission do is to review the effects of that and make recommendations on future partnerships and possibilities for actually reducing the likelihood that that will continue to happen.

Mr. **Hayes**. There are still requirements for women who are seeking commercial credit, to bring in their husbands on occasion in order to stand the chance for approval. Is that right?

Ms. **Bernhardt**. In each credit decision, the banker makes the decision on the required financial strength behind that; and there are occasions when individuals are asked to provide guarantors for loans, yes.

In a lot of cases when a woman is making application for a business loan, she and her husband have made a decision to have all of their assets in joint names; and when applying for business credit, if that is the case, and that is the decision that the couple has made, it is sometimes difficult to not consider both parties if they own those assets jointly.

Mr. HAYES. Let me say, in conclusion, that the committee here is certainly appreciative of what has been very excellent testimony on the part of all three of you, and, as was assured by our chairman before he left, your entire testimony, as we received it, will be entered into the record.

Thank you very much for coming and appearing before us.

Ms. LITTLEJOHN. And if I could just make one other point, and that is that we would very, very much appreciate and welcome bipartisan support from the committee for this particular piece of legislation and for the overall issue of women's business enterprise, which is absolutely as was stated by your colleague earlier a bipartisan issue.

Mr. HAYES. Well, let me just respond to that by saying it is at least my hope, that there will be a bipartisan approach of this very, very vital issue, and to the extent that it is possible to achieve, I will be working in that direction. I know that I speak on behalf of the chairman of this committee when I say that.

Thank you very much.

Ms. LITTLEJOHN. Thank you very much.

Ms. ALFORD. Thank you.

Mr. HAYES. Our second group consists of Dorothy E. Brunson, president of Brunson Communications, Inc.; Susan A. Davis, president of the Susan Davis Companies, and Saundra Herre, president, Wisconsin Women Entrepreneurs.

The Chair would like to acknowledge the presence of colleague Gonzalez who has just joined us.

Mr. GONZALEZ. Thank you, Mr. Chairman. I appreciate that very much on the record to be told that I was here.

Mr. HAYES. All right.

Mr. GONZALEZ. I would like the record to show that the only reason I have not been here, and may have to leave, is that I have two conflicting committee requirements, and one is a markup, so you know what that means.

Mr. HAYES. I understand very well.

Mr. GONZALEZ. Thank you very much for your courtesy.

Mr. HAYES. All right.

Ms. Brunson?

Ms. BRUNSON. Yes.

Mr. HAYES. Our procedure will be, to take testimony from all three of you, and I want you to understand in advance that your entire testimony will be entered into the record. So if you so desire, in order to expedite time, deal with the highlights of your testimony.

TESTIMONY OF DOROTHY E. BRUNSON, PRESIDENT, BRUNSON COMMUNICATIONS, INC.

Ms. Brunson. Congressman Hayes and other members of the committee, thank you for inviting me to comment on your examination of legislation intended to promote female entrepreneurs and successful women-owned businesses.

My name is Dorothy Brunson. I live in Baltimore, MD, and I am the president of Brunson Communications, Inc., which owns three radio stations: one in Baltimore, MD, one in Atlanta, GA, and one in Wilmington, NC.

We employ over 100 persons, and in addition to that have offices in New York City.

Since 1962 I have been employed in the communications industry. I have always been at the corporate level within that industry. I was one of the founders of the first black advertising agency on Madison Avenue. I have served as vice president and corporate board level for Inner City Broadcasting from 1973 to 1979. Since 1979, I have been president of my own company.

I have also served as one of the founders and early subscribers of the First Women's Bank of New York. I sat on its board and initiated its loan procedures and policy, and my last 3 years on that board, I served as head of the audit committee which is responsible for all reports going to the FDIC.

I have lectured and I am a consultant to various organizations. Primarily, I am on call to several banks where my expertise lie in examining loans as they relate to women and other minority groups, and to evaluate these loan portfolios, then relate back to the banks as to whether or not there is viability in the development of, or the continuance of these loans, and advise them as to terms of pursuing or rejection of this type of business.

My specialty for over 25 years has been minority firms.

I have also lectured overseas and in various African countries on the need for more women to be involved in business and industry.

My efforts as related to women has been involved and complex. I believed, based on my experience of 25 years that a commission that will support women is absolutely necessary; and while I don't have it in my report, I would like to digress for one small second to say that in spite of the studies that we have seen heretofore, there has been, if one were to study the emerging trends of women business activities, and trends on the development of the economic viability within this country, you will see that within the last 7 to 9 years that there has been a major thrust of the development of business entrepreneurs, and especially as relates to women.

We have seen the products, and byproducts of such magazines as Ms., Savvy, Working Women, Essense, and other such women support magazines.

We have seen the initiation of women's banks, women's organizations, women businesses that are nontraditional types of businesses, and it is in this light and in the new awakening emergence of the business woman in the latter part of the seventies and into the early eighties, that I feel that documentation and new evidence need to be presented in order to define and identify new ways in which businesses can develop for women in this country.

I think that the merits of the bills are many, I see four primary areas that will encourage the development of women and women businesses, that is the climate a commission will create, which will, I believe, present a healthier environment for women business owners.

I think also that it will encourage other persons in their assistance toward women business owners in their efforts to sell products. I think that once the climate is established, that there is a general outpouring which will encourage those persons who have to interact with women to be more responsive.

I think the identification of women businesses, and especially those of us who are merging into the new technologies with some of the problems that we are having, vis-a-vis legislation and regulation, which sometimes prohibits us from getting into mainstream should be identified because we are emerging from the service area into the more high technical areas and it is essential that that data be gathered so that we can apply to you in specific problem areas for help to get in the success arena.

I think that if we stimulate affirmative efforts by the public and private sector so that programs can be implemented to address women business entrepreneurs, that would be one of the major benefits.

There is one problem, however, that I feel these kinds of commissions don't usually address, and that is the bottomline approach in terms of what kinds of results and goals they should have.

And I think one of the primary end results should be the implementation of national policy and plan so that goods and services can be purchased from women businesses, and I believe that an internal monitoring control would be essential in terms of vital information that can continually be disseminated throughout the country.

And, finally, while I endorse the creation of this Commission, and believe strongly that its existence will bring attention to the plight of the business woman. I believe I am a rare breed, because I am a successful black woman, and I have been in the business arena for over 25 years.

My experience has included offenses to both my sex and my race, and I would therefore ask that dialog within the structure of the proposed National Commission on Women Business Ownership, be so that the reinforcement of offices and programs currently in existence which were created to help minorities and disenfranchised persons be adhered to and be identified as part of this program so that there will not be a chipping off of one program for the benefit of others; and I want to make that a strong recommendation.

I do believe, however, in conclusion, that it is necessary that we have an awareness, that we have current information, that we have data pertaining to the new woman who is emerging as a strong, viable, economic person in the business arena of America, and in that regard I endorse the Women's Business Ownership Act of 1983.

[Ms. Brunson's prepared statement follows:]

Prepared Statement of Dorothy E. Brunson, President, Brunson Communications, Inc.

Congressmen Mitchell, Bedell, Luken, Skelton, Nowak and Ireland, thank you for inviting me to comment on your examination of legislation intended to promote female entrepreneurs and successful women owned businesses.

My name is Dorothy Brunson, I live in Baltimore, Maryland, and I am the President of Brunson Communications Inc., which owns 3 radio stations. One in Baltimore, Maryland, WEBB, one in Atlanta, Georgia, WIGO and one in Wilmington, North Carolina, WBMS. We employ over 100 persons. Since 1962, when I was employed by Sonderling Broadcasting Corporation, I have worked at the corporate level of businesses. In addition, I was one of the founders of the first Black advertising agency on Madison Avenue. From 1973 to 1979 I served as corporate vice president and general manager of Inner City Broadcasting. Since 1979, I have been president and owner of Brunson Communications Inc. In my various capacities for almost 25 years I have been totally responsible for the overall implementation of corporate policy with direct control over financing, acquisitions, mergers and overall long term planning. I am a consultant on call to several major banks where my expertise is to review loans to minorities and women and or to evaluate default portfolios to determine whether they can remain viable. I have lectured and spoken on business trends, economic development, affirmative action at the work place, communications, women rights, religious and human issues and have visited as guest speaker several African countries where I spoke on the needs of women and methods that could be instituted in underdeveloped countries that would enable women to participate in business and industry. I served for four years as a board member of the first women's bank where I developed its loan procedures as well as headed its audit review committee signing off on all documents certifying us eligible to operate the bank. I believe, based on my background, that I am qualified to speak on this issue and I unequivocably support the establishment of the National Commission on Women's Business Ownership. The growth of our nation towards its full industrial potential requires the development of businesses owned and operated by approximately one half of its population, its women. It is therefore, worthwhile and necessary that the addressing of that goal be established through a commission whose job will be the identification and recommendation of the needs of the business women. We have an obligation to assist, developing and existing, women owned businesses in their efforts to obtain reasonable opportunity to participate in business activities as a means of improving their general economic and social well being, thereby enriching our nation.

The merits of the bill are manifold, as I see it, the establishing of this commission will, (a) foster a climate that will encourage and support women business ownership; (b) encourage and assist women business owners in their efforts to sell products and services in the public and private market; (c) identify women business owners so that information and data pertinent to their development can be disseminated; and (d) stimulate affirmative efforts by the public and private sector to implement programs to address the women business entrepreneur. I would caution the persons here to ensure however, that within the structure of the commissions, there are clear and identifiable goals that will result in bottom line results. Such goals should include, but not be limited to, the development and implementation of a national policy and plan to purchase goods and services from women, establishing an internal monitoring and data gathering system that will measure the increased purchases from women and the dissemination of this data for follow-up and the new creation of additional programs.

Finally, I endorse the creation of this commission and believe strongly that its existence will bring attention to the plight of the business woman. I am however, a rare breed. A successful black woman in the business arena for over 25 years. My experiences have included offenses to both my race and my sex. I would hope therefore, that dialogue within the structure of the proposed National Commission on Women's Business Ownership, will be the reinforcement of offices and programs currently in existence which were created to help minorities and disenfranchised persons so that the same goals will be achieved for all qualified business persons and offenses which I have overcome and which are strong deterrent in our growth will be reversed.

In conclusion, the denial of any group to access to opportunity, whether by race, sex or religion is one we can ill afford. This denial of women by its de facto status, increases the burden on the government to find more efficient and better ways to make us productive individuals. The Women's Business Ownership Act of 1983 is another step towards a more stable industrial society and should be enacted forthwith.

Mr. HAYES. Ms. Davis.

TESTIMONY OF SUSAN A. DAVIS, PRESIDENT, THE SUSAN DAVIS COMPANIES

Ms. DAVIS. Good morning, Mr. Chairman.

My name is Susan Davis, and I am president of the Susan Davis Companies, which is an international public relations, Government affairs, and political consulting firm located in Washington, DC.

We are a woman-owned firm in operation since 1975, and we have grown from a small one-person operation to a company that now represents blue-chip corporations such as the Seven-up Co. and Cheeseborough-Pond's and governments such as the Arab Republic of Egypt.

Thank you for this opportunity to speak in strong support of the Women's Business Ownership Act of 1983. I urge your speedy consideration of it and prompt passage by the entire House.

When Congressman Moody from my home State of Wisconsin introduced this legislation, he said that creation of a bipartisan Commission on Women's Business Ownership is timely and worthwhile.

While I commend Congressman Moody for taking the initiative on this legislation, and while I agree that the Commission is indeed worthwhile, I disagree on one point: Such legislation is not timely; it is long overdue. [Laughter.]

Ms. DAVIS. Many women business owners have had to endure for years the problems of management and technical assistance, severely limited access to credit and capital, and obstacles to greater Government procurement opportunities.

During the Eisenhower administration, Charles Wilson, testifying before the Senate Armed Services Committee on his nomination as Secretary of Defense, made that now classic statement: "What's good for General Motors is good for America."

As you may remember, a firestorm of criticism hit Mr. Wilson almost before he could leave the closed-door hearing, and his statement was misinterpreted and misquoted by the news media of that day.

Today, realizing that the perils of misinterpretation still exist, I would like to paraphrase Defense Secretary Wilson's observation, "What's good for women business owners is good for America."

Despite the inhibiting conditions I mentioned a moment ago, women business owners are on the move. We have succeeded in becoming a major force in the U.S. economy.

You know the statistics. You have been hearing them all morning. Women today are starting businesses at a phenomenal rate, spreading into all sectors of the economy. And these statistics clearly show that pressure is mounting across the country for women business owners to have a greater say and a greater responsibility in economic leadership of America.

H.R. 3832 represents an important first step in the process of ensuring balance and equity for women business owners in the United States.

While 2 years, or 26 months, seems like a long time for a Commission to review and prepare recommendations on problems that are well-known, and with which many of us have struggled for years, I am hopeful the Commission will undertake an exhaustive and comprehensive review that will lead to concrete, realistic and helpful recommendations upon which Congress will then act speedily.

Having been in Washington for over 15 years, and having personally participated in many advisory boards and commissions, I am by nature a little chary of another commission.

I believe, however, that it is essential that this Commission be set up because it is a major way in which we can expand the level of consciousness, both in the public sector and the private sector for the concerns and needs of women businesses.

I believe, also, that it is important because we need to take a look at the fact that our women business owners are not the same. Minority women business owners have problems that nonminority women business owners don't have.

Some women business owners in the service sector have problems that women business owners in the manufacturing sector don't have, and I would encourage the Commission as one of its major responsibilities to make sure that we don't just lump women in one category.

In the Warner Bros. new motion picture, "Swing Shift," Goldie Hawn, a "Rosie the Riverter" type in a California aircraft plant as World War II begins, illustrates not only the sexual stereotypes that shape so much of the business community's view of women at work, even 40 years later, but also the sheer guts and determination that often takes for women to jump the hurdles into ownership and management positions. Yet, when we succeed, we most often excel.

That is the essence of this legislation. We are talking about focusing on the very specific hurdles that must be knocked down, or at least lowered. If we are successful, what is good for women business owners will be good for America.

In defining the duties of the Commission and the scope of recommendations, the authors of this bill have put their fingers squarely on the problem areas: access to credit; enhanced procurement opportunities, and increased management and technical assistance.

I would like to comment briefly on each of the three areas. Let me say on the matter of improved access to credit, all too often we find that women business owners are viewed by potential male lenders as "naive little women" in business for themselves either as a lark or because their husbands want to keep them busy.

I must stress the word "male" because I do believe that the efforts of groups like the National Association of Bank Women, as well as the growth of women among the rank of lenders, both in banks and venture capital firms, are beginning to have a very positive effect.

I started in business in 1975 with $400, and with little idea of how difficult it might be. Like many others, I believed in myself and what I lacked in business acumen, I made up in tenacity.

With all due respect to the Small Business Administration on whose advisory council and executive committee I now sit, and to progressive banks like D.C. National Bank, with which Marybeth Bernhardt is associated, throughout the years, I personally have had a number of experiences with the SBA, with banks, male bankers, and venture capitalists, a few which I would like to share with you.

In 1979 I applied for an SBA loan, only to be told by the loan officer that I should forget it before they got to my case.

On further questioning, the loan officer conceded that there were so many other more worthy businesses and besides how could he be sure I would be staying in business for long since I was still single?

I then approached a large business for potential investment capital. I will never forget it because the four men were all smoking cigars, drinking scotch and there were, pointedly, only enough chairs in the room for them.

One of the directors asked me why they should invest in a girls business, and before I could respond, another asked me where I intended to be in 10 years. When I said, "on the cover of Business Week" magazine, they gave me a little more respect.

I have twice approached local banks for loans where I was told a $180,000 home was not good collateral for a $25,000 note. Could I get my husband to cosign please? I replied that I could more easily liquidate a house than a husband, but in the end I had to capitulate. Fortunately, I did not have to run out and ask someone to marry me. The bank settled for the signature of a good, male friend.

I can't resist relating my conversation with the president of one of the largest banks in Washington, DC, last year when I approached him to take a table for the National Association of Women Business Owners annual dinner. I reminded Mr. X of this fast-growing market and what good exposure this would be for the bank. He said, "Sorry, Susan, we don't give to charity."

What can be done?

Any number of actions are possible, but more than anything else, we need Congress and the Federal Government to encourage the private sector, to create incentives and imperatives to give credibility and expanded credit accessibility for women-owned businesses.

In the area of enhanced procurement opportunities, the recent trend away from small businesses receiving Federal Government contracts should be carefully studied by this Commission.

The total value of prime contracts increased to $156 billion in fiscal year 1983. Large corporations account for only 1 percent of all U.S. companies; yet they receive 84 percent of the prime-contract money.

Despite representing an estimated one-quarter of all small businesses, women business owners currently receive only one half of 1 percent of all Federal prime contracts over $10,000.

Mechanisms and incentives must be developed to enable Federal agencies to meet established goals for women-owned businesses and to increase women-owned businesses' share of Federal prime and subcontracts.

I am not suggesting special set-aside programs. I am suggesting equal opportunity for women-owned business.

I am also suggesting the need for departments and agencies to make a commitment and to be held to that commitment annually by the President of the United States.

It is in the best interests of the Nation's economy to support the evolving women-owned entrepreneurial sector and to increase resources available to the Government through use of these highly qualified enterprises.

Elizabeth Dole has taken a leadership role in this area by helping women to qualify for contracts under the National Surface Transportation Act. It is, however, only a tiny step in a very large governmental body.

Finally, strong support for education and management assistance is vitally necessary to help women business owners overcome limited education in business and entrepreneurship.

Women business owners are becoming an active, vocal body expressing concerns on these issues, but quite frankly the value of our contribution has only recently begun to be understood, because the raw data on women business owners is sparse.

One of the greatest needs is for accurate and complete data on women business enterprise so that policymakers can better understand the structural changes taking place in the U.S. economy, particularly as they relate to the fastest growing segment of the small business economy.

This legislation provides a great opportunity for Congress to carefully examine, through the Commission's work, the problems and the great possibilities for women business ownership in America.

As we approach the second half of the eighties, America is on the verge of great economic accomplishments, with a renewed and redirected spirit. We have broken the back of inflation. Interest rates have been chopped in half. We have many reasons for optimism.

In this spirit, women business owners of America are moving to leadership positions in the economy.

We do not seek massive infusion of Federal tax dollars. Rather, we seek careful targeting of Federal funds. We do not seek unequal advantage; rather, we seek equality in every respect of doing business. Indeed, we demand it.

We do not seek to be businessmen. Rather, we acknowledge our differences. Yet, we expect parity with businessmen.

Through diversity, this Nation has found strength. Through acceptance and encouragement of the role of women in business, we will find great rewards and a synergism that will benefit all of our people.

We know, with a little guidance and assistance, we can prove what is good for women business owners is what's good for America.

Thank you.

[Ms. Davis' prepared statement follows:]

PREPARED STATEMENT OF SUSAN A. DAVIS, PRESIDENT, THE SUSAN DAVIS COMPANIES

Mr. Chairman, members of the Committee. My name is Susan A. Davis, president of The Susan Davis Companies, an international public relations, government affairs and political consulting firm located in Washington, D.C. We are a woman-owned firm that has been in business since 1975.

Thank you for this opportunity tc speak in strong support of the Women's Business Ownership Act of 1983. I urge your speedy consideration of it and prompt passage by the entire House.

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Today, realizing that the perils of misinterpretation and misquoting still exist, I would like to paraphrase Defense Secretary Wilson's observation.

"What's good for women business owners is good for America!"

GROWTH OF WOMEN-OWNED BUSINESSES

Despite the inhibiting conditions I mentioned a moment ago, women business owners are on the move. They have succeeded in becoming a major force in the U.S. economy.

You know the statistics. Women today are starting businesses at a phenomenal rate, spreading into all sectors of the economy. Three million women business owners and sole proprietorships—one quarter of all small businesses in the country—generate more than $40 million in receipts, creating thousands of jobs across America. Between 1972 and 1982, the number of self-employed women increased 69 percent—five times the rate of increase for self-employed men.

Though entering most areas of the economy, women-owned businesses are still heavily concentrated in the service sector which accounted for 60 percent of all employment growth between 1979 and 1981.

And as the Census Bureau reported just yesterday, the proportion of women in traditionally male-dominated executive, managerial and administrative occupations jumped from 18.5 percent to 30.5 percent between 1970 and 1980.

These statistics clearly show that pressure is mounting across the country for women business owners and executives to have a greater say in the economic leadership of America.

H.R. 3832 represents an important first step in the process of insuring balance and equity for women business owners in the U.S.

COMPREHENSIVE REVIEW NEEDED

While two years—or 26 months—seems like a long time for a Commission to review and prepare recommendations on problems that are well-known and with which many of us have struggled for years. I am hopeful the Commission will undertake an exhaustive and comprehensive review that will lead to concrete, realistic and helpful recommendations upon which Congress will then act.

In Warner Bros. new motion picture, "Swing Shift", Goldie Hawn—a "Rosie the Riveter"-type in a California aircraft plant as World War II begins—illustrates not only the sexual stereotypes that shape so much of the business community's view of women at work—even 40 years later—but also the sheer guts and determination it often takes for women to jump the hurdles into ownership and management positions. Yet when they succeed, they most often excel.

That is the essence of this legislation. We are talking about focusing on the way specific hurdles that must be knocked down, or at least lowered. If we are successful, what is good for women business owners will be very good for America!

In defining the duties of the Commission and the scope of recommendations, the authors of this bill have put their fingers squarely on the problem areas:

Access to credit.

Enhanced procurement opportunities.

Increased management and technical assistance.

I would like to comment briefly on each of the three areas.

IMPROVED ACCESS TO CREDIT

While the Equal Access to Credit Act of 1974 has had significant impact on women's access to credit, the law provides less stringent regulation of the commerical credit needed by women entrepreneurs.

Startup and current operation problems most frequently cited by women entrepreneurs in a 1983 Journal of Small Business Management study were lack of collateral and difficulties in obtaining lines of credit.

Access to capital, including risk capital and venture capital, are imperative if women are to create a larger and more successful business.

All too often, women business owners are viewed by potential lenders as naive "little women" in business for themselves either as a lark or because their husbands wanted to keep them busy.

And, becoming more prevalent now, lenders who may support to a degree a women businesses while they are small, are increasingly reluctant to provide expansion capital for fear women are taking on too much!

I started in business with $400 in 1975, with little idea of how difficult it might be. Like many others, I believe in myself and what I may have lacked in business acumen, I made up for in tenacity! Throughout the years I personally have had a number of experiences with banks and bankers a few of which I'll relate to you—

(1) At one point in 1979 I thought I'd try for an SBA loan only to be told by an SBA loan officer that I should forget it because it might be two or three years before they got to my case. On further questioning, the loan officer conceded that there were so many other more "worthy" businesses and, besides, how could he be sure I'd be staying in business for long, since I was still single?

(2) Several years later, I approached a large business for potential investment capital. I'll never forget it because the four male directors were all smoking cigars, drinking scotch and there were pointedly, only enough chairs in the room for them. One of the directors asked me why they should invest in a "girls" business. Before I could respond, another asked me where I intended to be in 10 years. When I said, "on the cover of Business Week" magazine, they give me a little more respect.

(3) I have twice approached local banks for loans where I was told a $180,000 home wasn't really good collateral for a $25,000 note—could I get my husband to cosign please? I replied that I could more easily liquidate a house than a husband, but in the end I had to capitulate. Fortunately, I didn't have to run out in the street and ask someone to marry me since I was single. The banks settled for the signature of a "good" male friend.

(4) And, I can't resist relating my conversation with the president of one of the largest banks in Washington, D.C. last year when I approached him to take a table at the National Association of Women Business Owners annual dinner. I reminded Mr. X of this fast growing market and what good exposure this would be for the bank. "Sorry, Susan," he replied, "we don't give to charity."

What can be done?

Any number of actions are possible, but more than anything else, we need the federal government to encourage the private sector, to create incentives and imperatives to give credibility and expanded credit accessibility for women-owned businesses.

ENHANCED PROCUREMENT OPPORTUNITIES

The recent trend away from small businesses receiving federal government contracts should be carefully studied by the Commission. There is cause for concern.

Total value of prime contracts increased to $156 billion in fiscal 1983 from $120.7 billion in fiscal 1981.

Large corporations account for only one percent of all U.S. companies, yet they receive 84 percent of the prime-contract money.

Despite representing an estimated one-quarter of all small businesses, women owners currently receive only one half of one percent of all federal prime contracts over $10,000.

Mechanisms and incentives must be developed to enable federal agencies to meet established goals for women-owned businesses and to increase their share of federal prime and subcontracts. I am not suggesting special set-aside programs. I am suggesting equal opportunity for women-owned business. I am also suggesting the need for departments and agencies to make a commitment and be held to that commitment annually by the President of the United States.

It is in the best interests of the nation's economy to support the evolving women-owned entrepreneurial sector and to increase resources available to the government through use of these highly qualified enterprises. Elizabeth Dole has taken a leadership role in this area by helping women to qualify for contracts under the National Surface Transportation Act. It is, however, only a tiny step in a very large governmental body.

INCREASED MANAGEMENT AND TECHNICAL ASSISTANCE

Strong support for education and management assistance is vitally necessary to help women business owners overcome limited education in business and entrepreneurship in such skill areas as finance, marketing, strategic planning, cash flow management and so forth.

Policies are needed to encourage entrepreneurship. Small firms are as much as 2.8 times as innovative as large firms per employee, yet the small business sector routinely received only 4 percent of federal R&D dollars.

Women business owners are becoming an active, vocal body expressing concerns on these issues, but, quite frankly, the value of our contribution has only recently begun to be understood. Why? Because the raw data on women business owners is pathetic.

One of the greatest needs is for accurate and complete data on women business enterprise so that policymakers can better understand the structural changes taking place in the U.S. economy, particularly as it relates to the fastest growing segment of the small business economy. We know there are about 3 million women-owned sole proprietorships, but we have no handle, whatsoever, on the number of partnerships or non-sub chapter S corporations owned by women.

A GREAT OPPORTUNITY

This legislation provides a great opportunity for Congress to carefully examine, through the Commission's work, the problems and great possibilities for women business ownership in America.

As we approach the second half of the 1980s, America is on the verge of great economic accomplishments, with a renewed, revitalized and redirected spirit. We've broken the back of inflation. Interest rates have been chopped in half. Unemployment is dropping at record-setting rates. We have many reasons for optimism.

In this spirit, women business owners of America are moving to leadership positions in the economy.

We do not seek massive federal infusions of tax dollars. Rather, we seek careful targetting of federal funds.

We do not seek unequal advantages. Rather, we seek equality in every respect of doing business. Indeed, we demand it.

We do not seek to be "businessmen". Rather, we acknowledge our differences, yet expect parity with businessmen.

Through diversity, this nation has found strength. Through acceptance and encouragement of the role of women in business, we will find great rewards and a synergism that will benefit all of our people.

We know, with a little guidance and assistance, we can prove what's good for women business owners is what's good for America!

Mr. HAYES. Thank you.

The Chair yields to the distinguished colleague from Wisconsin so that he can have the privilege and distinction of presenting our next witness from his own state.

Congressman Moody.

Mr. MOODY. Thank you very much.

I did not realize that our previous speaker was also from Wisconsin. I would have asked for the privilege of introducing her as well.

Saundra Herre is a partner of a retail venture in Racine, WI. She is vice president of El Sol Broadcasting Inc. She is the sole proprietor of a management and consulting business broker firm. She is the vice president of the Independent Business Association of Wisconsin, Eyeball; and she is a member of the executive committee of Small Business United.

She is certainly exhibit A of the kind of successful business woman practicing in my State.

Thank you.

Mr. **Hayes**. You may proceed.

TESTIMONY OF SAUNDRA R. HERRE, PAST PRESIDENT, WISCONSIN WOMEN ENTREPRENEURS

Ms. **Herre**. Thank you very much.

I am grateful for the opportunity to share with you today my beliefs concerning the importance of women's business ownership within the United States.

I believe we all have read the same statistics, and I believe we all have them firmly committed to memory. I am grateful, however, for one thing I learned today from Congresswoman Boggs. Her efforts started long before I got involved and realized that even though I was a female, I, too, could own a business and make money.

I also would like to address some of the issues. My testimony is before you, and I am deviating from it to a certain extent, because it has been mentioned by previous testifiers that there were various commissions, and I direct to you particularly, Congressman Roth, that there have been various groups studying this problem over the ages and in 1980, in fact, I addressed and testified before the Senate Select Small Business Committee on the very fact that Susan Davis was addressing, which was the access to credit.

I also was one of the participators as one of the "real people" on the Interagency Task Force and was called in to give my opinions.

Both of those experiences, as well as being a delegate at the White House Conference on Small Business, pointed out to me the importance of legislation and being aware of legislation in running one's business and making it a profitable enterprise.

Government plays an important part in our businesses, and because of that, I have entered into some other organizations which track and watchdog various legislation and that which is proposed.

Through the volunteer efforts in the Independent Business Association of Wisconsin, where I am the only woman on the 23-person board of directors; through the Wisconsin Women Entrepreneurs, a spontaneous, grassroots, statewide organization that sprang up as a response to the needs that the women in business felt in the State of Wisconsin, I am continually made aware of the difficulties and successes of Women Business Owners. Access to capital as has been pointed out, remains one of the primary difficulties faced by all small business people, but it is even more difficult for women. Venture capital is practically nonexistent. Many of us got our money from Aunt Abigail or Cousin Carolyn, and that was traditionally saved from the egg money.

The tradition of women in business goes back a long way, but also it has been proven that they usually don't make a lot of money.

Knowing how effectively to use their capital once they have obtained it is another problem for many of the women.

About a week ago in the Wall Street Journal was an interesting article about the women who had a spice business in California. They did quite well on the start-up and marketing, and their business expanded many, many times.

But still they didn't make any money. They had never considered their costs. After hiring a financial adviser, they changed their ways and proceeded to profitability.

But what has been shown over and over again is that management skills are lacking because many women did not take business courses in college. Many women business owners didn't go to college. High schools do not offer courses in entrepreneurship. In fact, very few universities do, but such is needed.

About three times a week I receive calls from individuals who want to know about small business: How to start; where to start; what I think, and so on.

Nearly half of all these calls are from women. Frequently, I am asked: "How can my business work with the Federal Government?" "Why can't I become a Government contractor?" "How can I qualify for some Government assistance?"

Now, I am just an ordinary business woman in southeastern Wisconsin. I am visible, but I am ordinary. Why do they ask me? Obviously, because they have nowhere else to go.

In Wisconsin Women Entrepreneurs, we have a mentoring program. We refer business to each other, and we refer questions to each other.

We have members within our organization who are contractors, sheet metal fabricators, tool and die manufacturers, and so on. Even though we are working on it, no one yet is a supplier for the Government.

One out of five adults cannot read or write beyond the fifth grade level. More than half of those people who come to our local literacy center are women.

Very few of our literacy students are unintelligent individuals. However, most of these students are out of work because the factory where they were employed has closed, has moved location, or has roboticized, and now a higher degree of reading skill is required for the job, and there are fewer jobs.

Many of these women talk about how "nice" it would be to run their own business, to cook or clean for fun and profit, as it were, or to make tiny widgets for a manufacturer.

And they probably could create a profitable enterprise for they are accustomed to budgeting their time, their talents and their money while managing a home, family and a job in the factory, but they need adequate business training and startup funds as well as reading skills. With help, however, they could become productive people again and role models for future generations.

We are all familiar with Dr. David Birch's studies from MIT that indicate that we are moving from manufacturing to service enterprises.

Now, the numbers of jobs have increased because of small business.

Prof. Al Shapiro of the chair for free enterprise at Ohio State University maintains that frequently the child of an artist, a farmer, or a small shop owner later is the person who becomes a business owner because she could see herself in that position, and because it has been presented as a viable career choice. This holds true even when the parent attempts to discourage the new entrepreneur.

A Women's Business Ownership Commission would be helpful in examining how best to assist those illiterate women and help them become producers.

A Women's Business Ownership Commission would suggest that women be encouraged to take accounting and management courses within the school environment, and that entrepreneurship be offered as an alternative.

A Women's Business Ownership Commission could encourage a mentoring program within the private sector, could encourage appointments of women to various boards of directors.

A Women's Business Ownership Commission is needed to examine proposed legislation. For example, how do the women—and first, how many are there—who act as private contractors within their homes doing piece work, specialized sewing, or custom gourmet foods feel about not being paid union wages? Do they see themselves as independent contractors? Or as sole proprietors? Or do they see themselves as employees?

Sometimes they and the IRS have different opinions on that.

Has anyone gathered opinions from women business owners on a scientific statistical basis as to their views about comparable worth, which is another hot issue that is coming up.

Is comparable worth only a union-created issue? Or is it important to the status and well-being of women as a whole. How do women business owners view this important problem. One of the other things that was mentioned is the numbers of women who are becoming veterinarians, pharmacists, et cetera, and how they are entering the work force. I think a veterinarian frequently is a small business owner who owns her own firm. I think a pharmacist frequently is a small business owner who owns her own drug store. I think these people should be included and examined in the data base that we hope to see evolve.

In May and June Wisconsin Women Entrepreneurs is a cosponsor with eight other organizations, of 6 day-long conferences for women business owners. These seminars are in all areas of the State, and they feature special workshops either for the novice entrepreneur or for those who are interested in business growth.

I envision the Women's Business Ownership Commission doing on a national level what we in Wisconsin are doing on a local and cost-efficient, pay-as-you-go basis—the same type of programs. That is, fostering cooperation among the public sectors, such as within the IRS, the SBA, and university and with the private businesses, meanwhile nurturing a sharing with organizations devoted to advancing women's business ownership.

Since the White House Conference on Small Business, everyone has become aware of the 14 million small businesses in the United States and of their importance to our economy.

During 1980–82, there was a net job increase of 1 million workers. That is, 1 million new jobs were created, and were created within small business.

Now, I don't have the exact figures—and it is quite obvious that no one does—but if small business creates the greatest number of new jobs and if women are the fastest growing segment in small business and have begun the greatest numbers of small businesses, then logic dictates that our economy, and all of us, would benefit from assisting in the creation of more of those women-owned businesses and in helping those existing businesses to become more profitable.

I believe the establishment of a national bipartisan Commission on Women's Business Ownership, as proposed in H.R. 3832, is an excellent step forward by the Federal Government.

Thank you for this opportunity to share my views with you.

[Ms. Herre's prepared statement follows:]

PREPARED STATEMENT OF SAUNDRA R. HERRE, PAST PRESIDENT, WISCONSIN WOMEN ENTREPRENEURS

Thank you for this opportunity to share with you my beliefs concerning the importance of women's business ownership within the United States.

My name is Saundra Herre. I am a businesswoman from Wisconsin. On May 29, 1980 I testified before the Senate Select Small Business Committee regarding the need for assistance of various kinds for fledgling women business owners. All of my testimony of that time holds true today, with several additions. I explained that I was a partner with four other women in a retail venture in Racine, Wisconsin. We bought an old schoolhouse, rented out some spaces to other women-owned businesses and operate a gift shop ourselves. We are still in business and will begin our 8th year in September. Since 1980 my businesses have ventured beyond a partnership. I am Vice President of El Sol Broadcasting, Inc. and have been trying for three years to get a license to operate a Spanish radio station in Milwaukee. I am a sole proprietor of a management consultant/business broker firm, and I am a member of the talent pool for Control Data Business Advisors—sort of a franchising operation.

Because of the experiences of the White House Conference on Small Business and of testifying here, I learned that government plays an important part in our businesses and I realized that legislation plays a tremendous role in the birth, growth and success of business ventures. I am now Vice President of Federal Programs for the Independent Business Association of Wisconsin and the only woman on its twenty-two member board, and I am a member of the executive committee of Small Business United which is a national network of small business organizations from whom you all will be hearing during our presentation on May first. Also I am one of the founders and immediate past president of Wisconsin Women Entrepreneurs.

Through these involvements I am continually made aware of the difficulties (and successes) experienced by women business owners. Access to capital remains one of the primary difficulties faced by all small businesspeople, but it is even more difficult for women. Knowing how to effectively use that capital once it is obtained is another problem for many.

About a week ago in the Wall Street Journal was an interesting article about the women who had a spice business. They did quite well on the start-up and marketing and their business expanded many times, but still they didn't make any money . . . they had never considered their costs. After hiring a financial advisor, they changed their ways and proceeded to profitability. What has been shown is that management skills are lacking because many women did not take business courses in college; many didn't even go to college. High schools do not offer courses in entrepreneurship (in fact, few universities do!) but such is needed.

The SBA recently released figures that indicated that businesses run by women increased by 33½% from 1977 to 1980 . . . but the average net income of those women was only $2,200! There has to be a reason.

About three times a week I receive calls from individuals who want to know about small business: how to start, where, what I think, etc. Nearly half of all calls are from women. Frequently I am asked, "How can my business work with the federal government?" "Why can't I become a government contractor?" "How can I qualify for some government assistance?" Now I'm just an ordinary business woman in south eastern Wisconsin (visible, but ordinary). Why do they ask me? Obviously, because they don't have anywhere else to go. In WWE, we have a mentoring program and refer business and questions to each other. We have members who are contractors, sheet metal fabricators, tool and die manufacturers . . . and although we are working on it, not one is a supplier for the government.

One out of five adults cannot read or write beyond the fifth grade level. More than half of these people to come to our local literacy center for free tutoring are women. Very few of our literacy "students" are unintelligent individuals. However, most of these "students" are out of work because the factory where they were employed has closed, has moved location, or has robotized and now a higher degree of reading skill is now required for the job . . . and there are fewer jobs. Many of these women talk about how nice it would be to run their own business . . . to cook or clean for fun and profit or to make tiny widgets for a manufacturer. They probably could create a profitable enterprise for they are accustomed to budgeting their time, talents and money while managing a home, family and job in the factory. But they need adequate business training and start-up funds as well as reading skills. With help, however, they could become productive people again and role models for future generations. Al Shapero of the Chair for Free Enterprise at Ohio State University maintains that frequently the child of an artist, farmer or small shop owner later becomes a business owner because he can see himself in that position and it has been presented as a viable career choice. This holds true even when the parent attempts to discourage the new entrepreneur.

A Women's Business Ownership Commission would be helpful in examining how best to assist those illiterate women and help them become producers.

A Women's Business Ownership Commission could suggest that women be encouraged to take accounting and management courses within the schools . . . and that entrepreneurship be offered as an alternative.

A Women's Business Ownership Commission could encourage a mentoring program with the private sector; could encourage appointments of women to various boards.

A Women's Business Ownership Commission is needed to examine proposed legislation. For example, how do the women (and how many are there?) who act as private contractors within their homes doing piece work, specialized sewing, or custom gourmet foods feel about not being paid union wages? Or has anyone gathered opinions from women business owners on a scientific statistical basis as to their views about comparable worth?

In May, Wisconsin Women Entrepreneurs is a cosponsor with eight other organizations of six day-long conferences for women business owners. These seminars are in all areas of the state and feature special workshops either for the novice entrepreneur or for those who are interested in business growth. I envision the Women's Business Ownership Commission doing on a national level what we in Wisconsin are doing on a local and cost efficient basis. That is fostering cooperation among the public sectors such as the IRS, SBA and university with the private businesses and nurturing a sharing with organizations devoted to advancing women's business ownership.

Since the White House Conference on Small Business, everyone has become aware of the 14 million small businesses in the United States and their importance to our economy. During 1980–82 there was a net job increase of one million workers and all were provided within small business. Now I don't have the exact figures, but if small business creates the greatest number of new jobs and if women are the fastest growing segment in small business and have begun the greatest number of businesses, then logic dictates that our economy and all of us would benefit from assisting in the creation of more of those women owned businesses and in helping those businesses to become more profitable.

I believe the establishment of a national bi-partisan Commission on Women's Business Ownership as proposed in H.R. 3832 is an excellent step forward by the federal government. Thank you for this opportunity to share my views with you.

Mr. HAYES. I now yield the balance of the time that will be necessary for the conclusion of these hearings to our very capable chairman, Hon. Parren Mitchell.

Mr. MITCHELL [presiding]. Thank you very much, Congressman Hayes, and to all three of the witnesses, thank you. It was very impressive testimony.

I did want to focus in on one or two areas, if I may, and I will start with Ms. Davis.

In your experience, does the kind of business make a difference in the problems encountered by embryonic, fledging women-owned businesses.

Is there some variation? I would assume that in certain service areas it might not be as difficult as if a woman were going into manufacturing or some other business field.

Has that been your experience?

Ms. Davis. Yes, very much so.

And in certain areas, for example, in the field of public relations, it is a field that has been much more acceptable and accepted for women to be in that business, so it is less difficult than for women in the construction industry or in a manufacturing industry.

So, I think you are going to find disparity there. You are also going to find disparity just in terms of women's education and environment.

And there are just so many different factors that go into why some women business owners are having problems and why some others aren't. I am going to be the first one to say that, while there are problems, for example, in terms of lending institutions, there are also problems in terms of women understanding how to approach lending institutions, and how to put a loan package together.

There is a great need for education, but without a Commission of this sort to raise the level of consciousness, we will never get that, because people still don't seem to understand how much the public and private sector need to be educated, and how much women business owners need to be educated as well.

Mr. Mitchell. Now this second question is for all three of the witnesses.

I have to tell you a little story first. I directed the Community Action Agency program some years ago, We had an economic component, and I urged people in this program to open up filling stations and to get franchises. They did, and they did well.

Then the oil embargo occurred, and they all closed down.

It seems that one of the components of the future is high technology, and I just wanted to know whether or not you feel that high technology ought to get a high priority in terms of the work of the Commission, or whether high-tech should be given equal consideration along with all other types of business.

Should we prioritize the opportunities for women in high-tech, as opposed to something else?

Ms. Brunson. Well, let me say that I don't think that you should divide, but I think that each type of business or each group, sections of the different kinds of business merit their own evaluation, and let me give you some examples.

Women who are in research and pursue patents, for instance, run into severe difficulty in terms of acceptance, in terms of being able to identify the procedures because they are not perceived of being capable of handling these kinds of intricate problems.

Women, for instance, in the area of manufacturing, especially those kinds of requirements which requires specific kinds of guidelines from the Government or other bodies, often face great difficulties because the receptivity of their abilities to be able to meet guidelines and directives and be able to bid on procurements are oftentimes closed before they can get to making the final bid.

So, the problem is that, the problems of women business occurs in many diversified areas. In the high-tech area you have problems that might be germane to that particular body upon which we are dependent for instance, in my business, where we are regulated, you may have those problems particular to our type of business, but the body of women's business may force problems that are germane, that is, there is a lack of acceptability; there is a penance to not regard or accept our abilities to be able to be competitive. There is a kind of blocking of our ability to get beyond the subjective attitudes of persons heading different bodies so that we might be more able to bid or participate, and that is just a general problem that you have; but I would not recommend that you prioritize because I believe that group assessment would be the way to look at the problem.

Ms. HERRE. I would like to address that, too. I think one of the problems that we find in the upper Midwest is economic development, and I am on the State economic development committee as well as the southeastern Wisconsin one.

In talking with other business people around the country, one of the things that comes to light in economic development is, such as what took place in Boston, or in Baltimore, and you revitalize an area by creating this wonderful commercial area.

Now, a commercial area exists because there are lots of these little shops. One of the things that I have found, having started out having a traditional "woman's business" of one of these little shops was that I went through this whole experience of being ashamed of having that kind of a business. Therefore, I moved into all of these other fields, simply because, I wanted to say, "Gee, I am a business person," in addition to these things. I think if we start to prioritize on this type of Commission, immediately we are saying what was done before was bad, and I don't think we want to indicate that.

We would like to enhance it. I think exactly what she said also, that prioritizing has not worked.

Mr. MITCHELL. Do you concur?

Ms. DAVIS. I concur in what they say, but I think I understand where you are coming from, and I think it is a problem, that we have so many women businesses in the service sector, and so few women businesses in the other sectors. If there is a way for the Commission to look at why that is so, and particularly to ultimately come up with recommendations that can encourage the growth of women in the high-tech fields, it would be very profitable on both sides. It would be unfortunate to just throwaway the suggestion you made because there is a real need for it as well.

Mr. MITCHELL. I have just one other question.

For many years, I have worked very closely in trying to support and help small businesses, minority businesses in particular.

And I have always given them the advice that after their first really successful year, maybe that is the third year, to start thinking about diversifying. You never know when the bottom is going to fall out of any one thing that you are doing.

Do you have any information about the number of women-owned businesses that are diversified, or is that part of the incomplete data base that the Commission would investigate for us? Do any of you have any knowledge about those businesses?

Ms. DAVIS. We know just mostly by anecdotes that it is a significant problem and that it is very difficult to get expansion capital, and that it is difficult to get women business owners to even think about franchising, or expanding in other areas.

But as I said in my testimony, the raw data is so pathetic. We really don't know. The real value of a commission of this sort is to be able to help provide that kind of data.

Mr. MITCHELL. Are there other questions?

Ms. BRUNSON. Could I?

Mr. MITCHELL. Oh, I'm sorry.

Ms. BRUNSON. Since I do quite a bit of consulting, and am on call from several banks to evaluate loans to women and portfolios of major women businesses, and I have been doing this now for about 12 years, my experience in that evaluation—and I travel all over the country doing this—in rural areas, and in urban centers as well. My experience has been that there is probably a kind of a negative review by the banks, lending institutions, insurance companies, et cetera, as it relates to women who do diversify. This is one of the kind of offshoots of the problem.

Normally, it is perceived, whether you are a female and/or a minority, that the capability to expand into other areas is going to distract from your ability to be productive in your main line of business, and so, if I were reviewing a loan, my proclivity would be to pretty much try to keep that person, so that they could get the maximum loan for their main business, to stay within their business confine.

I don't know of very many businesses—and I have evaluated hundreds—which are women-owned divested businesses whether through mergers and acquisitions which are not in their main line of businesses.

Mr. MITCHELL. Yes.

Ms. BRUNSON. It is something that is not encouraged and, in fact, is frowned upon by the lending institutions if, in fact, the person is coming to them for that purpose, even though the business may be very successful.

Mr. MITCHELL. So the attitude is: "Little girl, you are moving too fast."

Ms. BRUNSON. Exactly. Or you should never grow to be that big and handle that kind of wide-range of concepts and ideas and operations.

Mr. MITCHELL. I understand.

Are there other questions?

Congressman Roth?

Mr. ROTH. Thank you, Mr. Chairman.

No questions. I just would like to compliment our panelists for their fine testimony. I think this testimony especially of personal experiences can sensitize those of us in Congress who look at these issues and wrestle with the solutions and I think it will be very helpful.

I especially want to point out, as had been mentioned here in the testimony, by the Wisconsin Women Entrepreneurs, I think they are especially to be complimented for their initiative. If we are to sensitize the general public on the problems of unique women, I can't think of a better approach than the approach of the seminars.

Wisconsin has been a vanguard State, and I agree with you in your testimony, maybe this will be another project where, tested out in Wisconsin, it will be adopted by the entire country.

So, I again appreciate the testimony, and high technology and exports are very unique to all of us, especially in Wisconsin. Wisconsin ranks 14th, Mr. Chairman, of all the 50 States in exports.

So, we are trying to stay ahead in our home State of Wisconsin in the area of high technology and exports; and I think as demonstrated by the excellent testimony of our panelists, two of them which our firm based at one time in Wisconsin, come from Wisconsin, I think, demonstrates that.

Thank you, Mr. Chairman.

Mr. MITCHELL. Any other comments?

Congressman Hayes?

Mr. HAYES. In spite of male chauvinistic tendencies at times, I note, Ms. Davis, that you were honored by SBA, and I think that it ought to be noted for the record. Maybe you want to elaborate on that award a little bit.

It might be helpful, without paddling your own canoe.

Ms. DAVIS. That is a little hard to do. But I thank you for that. I am proud of it, because as the Woman Advocate of the Year, it gives me a forum often to talk about something near and dear to my heart, and that is growth and progress in the concerns of women business owners. I am pleased about the award because, at the very least it provided the opportunity to appear before your committee to discuss these important concerns.

Mr. HAYES. OK.

That's all.

Mr. MITCHELL. Congressman Moody?

Mr. MOODY. Mr. Chairman, I just want again to thank the committee for putting on this hearing and inviting such excellent witnesses. The one thing I was especially impressed with by the witnesses is that they almost all have "hands-on" experience. This is not a theoretical group we are hearing from this morning, but actually practicing businesswomen, and I think their insights will be very helpful.

Mr. MITCHELL. And that is what makes me extend an apology to you. We asked you to come before the committee, and I always feel guilty in doing so because when you are away from your business, you might be losing money, and it is a great sacrifice for you to come to us.

But please believe me, we on the committee are most appreciative, and I give you my word, we will move as fast as we possibly can to get this legislation out of committee.

Thank you very much, and thank all of you for being in attendance.

[Whereupon, at 11:55 a.m., the committee adjourned, to reconvene subject to call of the Chair.]

APPENDIX

98TH CONGRESS
1ST SESSION

H. R. 3832

To establish the National Commission on Women's Business Ownership.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1983

Mr. MOODY (for himself, Mrs. BOGGS, Mrs. SCHROEDER, Mr. LELAND, Mr. DIXON, Mr. DYMALLY, Mrs. KENNELLY, Mr. WYDEN, Mr. TOWNS, Mr. BOUCHER, Mr. LAFALCE, Mr. LANTOS, Ms. FERRARO, Mrs. BOXER, Mr. BARNES, Mr. EDWARDS of California, Mr. GREEN, Mr. FEIGHAN, Mr. MORRISON of Connecticut, Ms. MIKULSKI, Mr. YATES, Mr. HEFTEL of Hawaii, Mr. LONG of Maryland, Mr. MINETA, Mr. BEDELL, Mr. GEJDENSON, Mr. RATCHFORD, Mr. HOWARD, Mr. CLAY, Mrs. COLLINS, and Ms. OAKAR) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs, Government Operations, and Small Business

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A BILL

To establish the National Commission on Women's Business Ownership.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Women's Business Ownership Act of 1983".

ESTABLISHMENT

SEC. 2. There is established a commission to be known as the "National Commission on Women's Business Ownership" (hereinafter in this Act referred to as the "Commission").

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall—

(1) review the status of women business owners nationwide, and the progress made since the 1980 White House Conference on Small Business;

(2) review the role of the Federal Government in aid to, and the promotion of, women business owners; and

(3) review data collection procedures with regard to women-owned businesses and Federal initiatives and procurement, with a view toward recommending improvements.

(b) Based on its review, the Commission shall—

(1) recommend new private-sector initiatives regarding management and technical assistance to women business owners;

(2) recommend ways to create greater access to credit for women in business; and

(3) recommend ways to enhance procurement opportunities for women business owners.

(c) For purposes of this Act, a woman-owned business is a business in which the sole owner is a woman, or in which one-half or more of the partners are women, or if a corporation, where 50 per centum or more of the stock is owned by women.

MEMBERSHIP

SEC. 4. (a) The Commission shall be composed of nine members appointed as follows:

(1) Three members appointed by the President.

(2) Three members appointed by the Speaker of the House of Representatives from a list of fifteen individuals nominated for such appointment by the chairman of the Committee on Small Business of the House of Representatives.

(3) Three members appointed by the majority leader of the Senate from a list of fifteen individuals nominated for such appointment by the chairman of the Committee on Small Business of the Senate.

(b)(1) Appointments under subsection (a) shall be made from individuals who are specially qualified to serve on the Commission by virtue of their education, training, or experience, and who are not officers or employees of the Federal Government or Members of Congress.

(2) Of the three individuals appointed under each of paragraphs (1), (2), and (3) of subsection (a)—

(A) no more than two members appointed under each paragraph shall be of the same political party;

(B) at least one member appointed under each paragraph shall be a woman; and

(C) at least one member appointed under each paragraph shall be an individual who is a small business owner.

(3) In making the appointments under subsection (a), the appointing authorities should give consideration to achieving a geographical balance.

(c) Members shall be appointed for the life of the Commission, except if any member of the Commission becomes an officer or employee of the Federal Government or a Member of Congress, such individual may continue as a member of the Commission for not longer than the thirty-day period beginning on the date such individual becomes such an officer or employee or Member of Congress.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) Members of the Commission shall serve without pay, except members of the Commission shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by them in carrying out the functions of the Commission, in the same manner as persons employed intermittently in the Federal Government are allowed expenses under section 5703 of title 5, United States Code.

(f) Five members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(g) The Chairperson and Vice Chairperson of the Commission shall be designated by the President. The term of office of the Chairperson and Vice Chairperson shall be the life of the Commission.

(h) The Commission shall meet not less than four times nor more than six times each year. Meetings shall be at the call of a majority of its members.

DIRECTOR AND STAFF OF THE COMMISSION

SEC. 5. (a)(1) The Commission shall have a Director who shall be appointed by the Commission. The Commission, with the recommendation of the Director, may appoint and fix the pay of four additional personnel.

(2) The Director and staff of the Commission may be appointed without regard to section 5311(b) of title 5, United States Code, and without regard to the provisions of such title governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the

annual rate of basic pay payable for GS–18 of the General Schedule.

(b) The Commission may procure temporary and intermittent services under section 3109(b) of title 5 of the United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS–18 of the General Schedule.

(c) Upon request of the Commission, the head of any department or agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Act.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate.

(b) Any member or agent of the Commission may, if so authorized by the Commission, take any action which the Commission is authorized to take by this section.

(c) The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(e) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

REPORTS

SEC. 7. The Commission shall transmit to the President and to each House of the Congress such interim reports as it considers appropriate and shall transmit a final report to the President and to each House of Congress not later than twenty-six months after the date of the Commission's first meeting. The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

TERMINATION

SEC. 8. The Commission shall cease to exist on the date that it transmits its final report to the President and to each House of the Congress.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There is authorized to be appropriated such sums as may be necessary to carry out this Act.

COMPLIANCE WITH BUDGET ACT

SEC. 10. This Act shall take effect October 1, 1984.

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